



2010 Comprehensive Annual Financial Report

A component unit of the State of Louisiana for the fiscal year ended June 30, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/27/10

2010 Comprehensive Annual Financial Report

Prepared by the Accounting, Investment, and Public Information Departments of the Teachers' Retirement System of Louisiana

Maureen H. Westgard, Director

Office Location:

8401 United Plaza Boulevard
Third Floor
Baton Rouge, LA 70809-7017

Mailing Address:

P.O. Box 94123
Baton Rouge, LA 70804-9123

225-925-6446

Toll free (outside Baton Rouge area):
1-877-ASK-TRSL (1-877-275-8775)

www.trsl.org

web.master@trsl.org

A component unit of the State of Louisiana for the fiscal year ended June 30, 2010

Table of Contents

INTRODUCTORY SECTION	5
Letter of Transmittal.....	6
Mission Statement	10
Board of Trustees and Ex Officio Members	11
Executive Management and Department Managers	12
Organizational Chart.....	13
Professional Consultants	14
Award Certificates.....	21
Summary of 09-10 Legislation.....	23
FINANCIAL SECTION	24
Independent Auditor's Report.....	25
Management's Discussion and Analysis	27
Basic Financial Statements:	32
Statements of Plan Net Assets	33
Statements of Changes in Plan Net Assets	34
Notes to the Financial Statements	35
Required Supplementary Information:.....	60
Schedules of Funding Progress for Defined Benefit Plan.....	61
Schedules of Employer Contributions for Defined Benefit Plan.....	61
Schedules of Funding Progress for Other Post-Employment Benefits (OPEB).....	62
Supporting Schedules:	63
Schedules of Administrative Expenses – Budget and Actual	64
Schedules of Investment Expenses	65
Schedules of Board Compensation.....	66
Schedules of Payments to Non-Investment Related Consultants	67
INVESTMENT SECTION	68
Report on Investment Activity	69
Summary of Investment Policy	70
Investment Summary.....	75
List of Largest Assets Held.....	76
Net Earnings on Investments	81
Investment Performance Measurements.....	82
Rates of Return.....	83
Summary Schedule of Commissions Paid to Brokers.....	84

Table of Contents (cont'd)

ACTUARIAL SECTION	85
Actuary's Certification Letter.....	86
Summary of Assumptions.....	89
Actuarial Valuation Balance Sheet	93
Summary of Unfunded Actuarial Liabilities/Salary Test	94
Summary of Actuarial and Unfunded Actuarial Liabilities.....	94
Reconciliation of Unfunded Actuarial Liabilities.....	95
Amortization of Unfunded Actuarial Accrued Liability.....	96
Membership Data	97
Historical Membership Data	98
Principle Provisions of the Plan	99
 STATISTICAL SECTION	 102
Introduction	103
10-Year Statements of Plan Net Assets.....	104
10-Year Statements of Changes in Plan Net Assets.....	106
Number of Active, Terminated Vested, and Nonvested Members	108
Number of Service Retirees, Disability Retirees, and Beneficiaries Receiving Benefits.....	108
Number of Benefit Recipients	109
Retired Members by Type of Benefit	110
Benefit Expenses	110
10-Year Average Benefit Payments	111
Number of Refunds of Contributions	114
Revenues by Source	114
Expenses by Type	114
Largest 25 Employers.....	115
Map – State of Louisiana (Total Active Members)	116
Map – Location of TRSL Retirees Worldwide	117

INTRODUCTORY SECTION

Letter of Transmittal	6
Mission Statement.....	10
Board of Trustees and Ex Officio Members	11
Executive Management and Department Managers.....	12
Organizational Chart	13
Professional Consultants	14
Award Certificates	21
Summary of 09-10 Legislation	23



Teachers' Retirement System of Louisiana

• www.trsl.org
• 225.925.6446
• 225.925.6366
• web.master@trsl.org/
Post Office Box 94123
Baton Rouge LA 70804-9123

Board of Trustees

Anne H. Baker
Chair
Retired Teachers

Jerry J. Baudin, Ph.D.
Vice Chair
Colleges & Universities

Darlene L. LeBlanc
1st District

Eula M. Beckwith
2nd District

Vacant
3rd District

Dominic Salinas, Ed.D.
4th District

D'Shay Oaks
5th District

Joyce P. Haynes
6th District

Sheryl R. Abshire, Ph.D.
7th District

William C. "Bill" Baker, Ed.D.
Retired Teachers

William Britt
Superintendents

Kathy M. Hattaway
School Food Service

Ex Officio
D.A. "Butch" Gautreaux
Chairman, Senate
Retirement Committee

John N. Kennedy
State Treasurer

Paul G. Pastorek
State Superintendent
of Education

J. Kevin Pearson
Chairman, House
Retirement Committee

Director
Maureen H. Westgard

Deputy Director
A. Stuart Cagle, Jr.

Assistant Director
Dana L. Vicknair

Chief Investment Officer
Philip Griffith

General Counsel
Roy A. Mongrue, Jr.

Executive Staff Officer
Lisa Barousse

Executive Assistant
Dana Lee Halton

October 12, 2010

Board of Trustees
Teachers' Retirement System of Louisiana
Post Office Box 94123
Baton Rouge, LA 70804-9123

Dear Board Members:

It is a privilege to present the Comprehensive Annual Financial Report (CAFR) of the Teachers' Retirement System of Louisiana (TRSL) for the fiscal year ended June 30, 2010. The report includes a thorough accounting of the financial position and investment activities of the retirement system.

This year the global economy continued its measured recovery from the two-year market downturn in 2008 and 2009. Over the past year, TRSL has enjoyed *several months of solid investment gains, ending fiscal year 2010 with a healthy 12.6-percent market return (gross of fees).*

Even with this welcome turnaround, the reality of serious budget shortfalls faced by many state and municipal governments throughout the country created a difficult climate for traditional defined benefit plans. Many in the media have painted retirement security as a zero-sum game, pitting private and public sector workers against each other. Defined benefit plans have persistently been characterized as costly government programs that award overly generous benefits, despite the reality that most public workers receive a modest retirement benefit. In fact, the average retirement benefit for a TRSL Regular Plan service retiree in 2010 is \$1,953 a month. This benefit is often the sole source of post-employment income for most TRSL members because they cannot participate in Social Security.

The heightened attention to retirement issues became evident in the 2010 Regular Session where more than 30 bills were filed that directly affected TRSL. Two of the most notable pieces of legislation coming out of the session were bills that change the retirement benefits for newly hired state workers and alter the employment requirements for retirees who return to work:

- Act 992 creates a new tier of retirement benefits for individuals whose first employment makes them eligible for membership in TRSL or one of the other state public retirement systems (LASERS, School Employees, or State Police) on or after January 1, 2011. In short, new hires will have to work longer before becoming eligible to retire with a TRSL benefit.

Toll-Free: 1.877.ASK.TRSL | TDD: 225.925.3653

Teachers' Retirement System of Louisiana is an equal opportunity employer and complies with Americans with Disabilities Act.

- Act 921 categorized re-employed TRSL retirees as either retired teachers or retired members. Individuals meeting the criteria of a retired teacher can receive their salaries and retirement benefits after a 12-month waiting period. Retired members have their retirement benefits suspended for the duration of their re-employment with a TRSL-reporting agency. Since the law's effective date of July 1, 2010, TRSL has been working with employers and members to educate them about the requirements of the new legislation.

Throughout this year, TRSL has continued to administer the pension system with the highest degree of integrity, deliver quality services to its membership, and communicate accurate information about the retirement system to the public, lawmakers, and the media.

About TRSL

Established by the Legislature in 1936, TRSL is a defined benefit pension plan that provides retirement benefits for Louisiana educators. All assets are held in the name of TRSL for the sole benefit of the membership.

The retirement system is governed by a 16-member Board of Trustees whose primary responsibility is to safeguard and manage the assets held in trust for members. The TRSL Board has 12 elected members and four ex officio members. Trustees and executive management staff perform all duties in accordance with their fiduciary responsibilities. Board members are also required to complete continuing education or professional development training each year in investments, actuarial science, law, and ethics.

TRSL is the largest public retirement system in the state with a membership of 178,118. Active membership in TRSL has increased for four consecutive years. In fiscal year 2010, active membership rose to 88,783 from 88,206 in 2009. The number of retirees and survivors also increased to 63,940 in 2010 from 62,417 in 2009.

Investments

Turning to the system's investment program, TRSL's portfolio delivered a strong performance in a much improved financial environment. The system ended the fiscal year with an investment return of 12.6 percent (gross of fees) and total assets valued at \$13.3 billion.

TRSL's best performing asset classes were both private market investments. Private equity earned an impressive 22.41 percent and debt related investments returned 17.07 percent. On the public market side, fixed income investments yielded a particularly strong return of 12.56 percent compared to the benchmark of 6.25 percent.

The diversity of the TRSL portfolio and its long-term investment strategies enabled the system to achieve solid returns and outperform many of its peers. As of June 30, 2010, TRSL ranks in the top (best) 43 percent of public pension funds with assets greater than \$1 billion for the 20-year period, according to BNY Mellon Financial Universe (PARis).

TRSL's long-standing approach to all investment decisions is to maximize opportunities while minimizing risk, thereby enhancing the overall funding of the retirement system.

Funding

Funding for TRSL retirement benefits comes from three sources—investment earnings and contributions from employees and employers. Historically, investment earnings have represented the bulk of all TRSL revenues. TRSL Regular Plan members, the system's largest membership, contribute eight percent of salary toward their retirement benefits. In fiscal year 2009-10, investment earnings and contributions from employees made up almost 70 percent of all TRSL revenues from which retiree benefits are paid.

Toll-Free: 1.877.ASK.TRSL | TDD: 225.925.3653

Teachers' Retirement System of Louisiana is an equal opportunity employer and complies with Americans with Disabilities Act.

Employers make contributions based on two components: (1) the normal cost of funding retirement benefits and (2) amortization of the retirement system's unfunded accrued liability (UAL). Based on these components, the TRSL actuary recommends the employer contribution rate each year. This recommended rate is converted to a percentage of total payroll, and approved by the Public Retirement Systems' Actuarial Committee (PRSAC). The employer contribution rate for Fiscal Year 2009-10 will be 20.2 percent, and was 15.5 percent for Fiscal Year 2008-09.

Regarding current and future benefit obligations, the challenging financial environment in 2008 and 2009 resulted in the system being 54.4 percent funded as of June 30, 2010, compared to 59.1 percent as of June 30, 2009. Net assets held in trust totaled \$12.0 billion at June 30, 2010, and \$11.3 billion at June 30, 2009.

Accomplishments

In 2010, many public agencies were called upon to do more with less. At TRSL, it has always been a priority to operate as efficiently as possible without compromising service to our membership. Last year, a team of staff members from different departments within TRSL mapped the steps for several of our work processes. These efforts resulted in more streamlined work flows that ultimately enhanced customer service. Also, after a comprehensive review of the Optional Retirement Plan (ORP) products and services, TRSL secured new contract terms and conditions with all ORP carriers. ORP participants now have top-tier investment choices for all major asset classes, stable-value fund options, reduced or stable administrative fees, and enhanced customer services. Our dedication to the efficient and responsible administration of TRSL is evident in this past year's other accomplishments.

- Installed a new telephone system that will save TRSL approximately \$100,000 annually and provide faster member service
- Relocated TRSL's "disaster recovery" computer server containing membership information from New Jersey to North Louisiana, which will save \$36,000 annually and allow for more frequent maintenance testing
- Launched a new TRSL website that provides a more user-friendly interface and more self-service functions for members and employers
- Created more opportunities for members and employers to get information about TRSL retirement through customized webinars
- Integrated a new investment compliance software platform where TRSL investment policy guidelines are assessed to determine compliance for each publicly traded strategy
- Increased online reporting services available to employers that expedite the retirement process and reduce printing and mailing costs for TRSL and our reporting agencies
- Recognized in an independent benchmarking analysis of public pension systems for providing a high level of customer service in an efficient, cost-effective manner for the seventh consecutive year. TRSL had the 27th lowest administrative cost compared to all 73 participating pension systems.

Financial Statements: Management Responsibility and Independent Audit

This report has been prepared to meet all the requirements in Louisiana Revised Statute 11:832(B). Management assumes responsibility for the completeness and reliability of all financial statements and disclosures in this report. To the best of our knowledge, all information is accurate and has been prepared according to the generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB). This letter of transmittal complements the Management's Discussion and Analysis (MD&A) on page 27, and provides an overview and analysis of the System's basic financial statements.

Toll-Free: 1.877.ASK.TRSL | TDD: 225.925.3653

Teachers' Retirement System of Louisiana is an equal opportunity employer and complies with Americans with Disabilities Act.

On behalf of the Louisiana Legislative Auditor's Office, the independent certified public accounting firm of Hawthorn, Waymouth & Carroll, L.L.P., located in Baton Rouge, La., performed the annual financial and compliance audit of TRSL. This audit of our financial statements is performed in accordance with generally accepted auditing standards and *Government Auditing Standards* as issued by the Comptroller General of the United States. It is the opinion of the independent auditors that all financial statements contained in this report fairly present, in all material respects, the financial position of TRSL as of June 30, 2010 and 2009.

This report consists of the following sections:

- **Introductory** General information regarding TRSL operations
- **Financial** Management's discussion and analysis and financial statements
- **Investment** Summary of investments and performance information
- **Actuarial** Results from actuarial valuation and other actuarial statistics
- **Statistical** General statistical information about TRSL finances and members

Awards

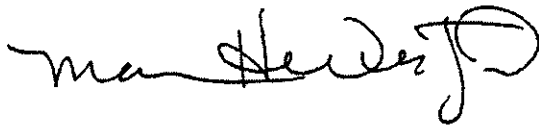
For the 19th consecutive year, TRSL received the *Certificate of Achievement for Excellence in Financial Reporting* for its 2009 Comprehensive Annual Financial Report (CAFR). The retirement system also won the *Award for Outstanding Achievement in Popular Annual Financial Reporting* for its 2009 Popular Annual Financial Report (PAFR) for the eighth consecutive year. The Government Finance Officers Association of the United States and Canada (GFOA) presents these prestigious national awards to state and local governments that exceed the minimum accounting requirements when preparing annual financial reports.

TRSL is also the proud recipient of the *Public Pension Standards Award for Funding and Administration* from the Public Pension Coordinating Council. This award recognizes pension systems that meet professional standards for plan funding and administration.

Acknowledgments

TRSL staff prepared this report in cooperation with the Board of Trustees and executive management. We appreciate the efforts of those who helped in its preparation.

Respectfully submitted,



Maureen H. Westgard
Director



Charlene T. Wilson
Chief Financial Officer

Toll-Free: 1.877.ASK.TRSL | TDD: 225.925.3653

Teachers' Retirement System of Louisiana is an equal opportunity employer and complies with Americans with Disabilities Act.

Mission Statement

VISION

Retirement security in a changing world

MISSION

Manage the Teachers' Retirement System of Louisiana in a manner that creates the highest degree of confidence in our integrity, efficiency, fairness, and financial responsibility

VALUES AND GOALS

We are here to serve our customers.

Every customer will be provided timely, accurate, and courteous service.

We are committed to our role as fiduciaries of the trust.

We will manage the fund's assets with unwavering integrity and discipline to provide retirement benefits and achieve long-term, optimal results.

We believe in the value of public service and quality education for all Louisiana citizens.

We will foster an environment where innovation, initiative, and accountability are expected and supported.

We know that with an entrepreneurial spirit and team work, we can accomplish any task.

We will utilize quality principles, leading technology, and partnerships with our stakeholders to improve our products and services.

Ultimately, our performance comes from our people.

We value and support employees through open communication, professional development, recognition, and by creating a sense of community.

Board of Trustees

Anne H. Baker, Board Chair
Baton Rouge
Retired Teachers
Term expires 12/31/13

Jerry J. Baudin, Ph.D., Board Vice Chair
Baton Rouge
Colleges & Universities
Term expires 12/31/10

Sheryl R. Abshire, Ph.D.
Lake Charles
7th District
Term expires 12/31/10

William C. "Bill" Baker, Ed.D.
Baton Rouge
Retired Teachers
Term expires 12/31/10

Eula M. Beckwith
New Orleans
2nd District
Term expires 12/31/11

William Britt
Castor
Superintendents
Term expires 12/31/10

Kathy Hattaway
Central
School Food Service Employees
Term expires 12/31/13

D'Shay Oaks
Vidalia
5th District
Interim appointment

Joyce P. Haynes
Opelousas
6th District
Term expires 12/31/12

Darlene L. LeBlanc
Baton Rouge
1st District
Term expires 12/31/10

Dominic Salinas, Ed.D.
Shreveport
4th District
Term expires 12/31/11

Carole J. White
Zachary
3rd District
Term expires 12/31/11

Ex Officio

Honorable D.A. "Butch" Gautreaux
Chairman, Senate Retirement Committee

Honorable John N. Kennedy
State Treasurer

Honorable Paul G. Pastorek
State Superintendent of Education

Honorable J. Kevin Pearson
Chairman, House Retirement Committee

Executive Management

				
Maureen H. Westgard <i>Director</i>	A. Stuart Cagle, Jr. <i>Deputy Director</i>	Dana L. Vicknair <i>Assistant Director</i>	Roy A. Mongrue, Jr. <i>General Counsel</i>	Philip Griffith <i>Chief Investment Officer</i>

Department Managers

Roth Aymond, *Information Technology Director*

Trudy Berthelot, *Human Resource Director*

Doris Dumas, *Retirement Education Consultant*

Lisa Honore, Ph.D., *Public Information Director*

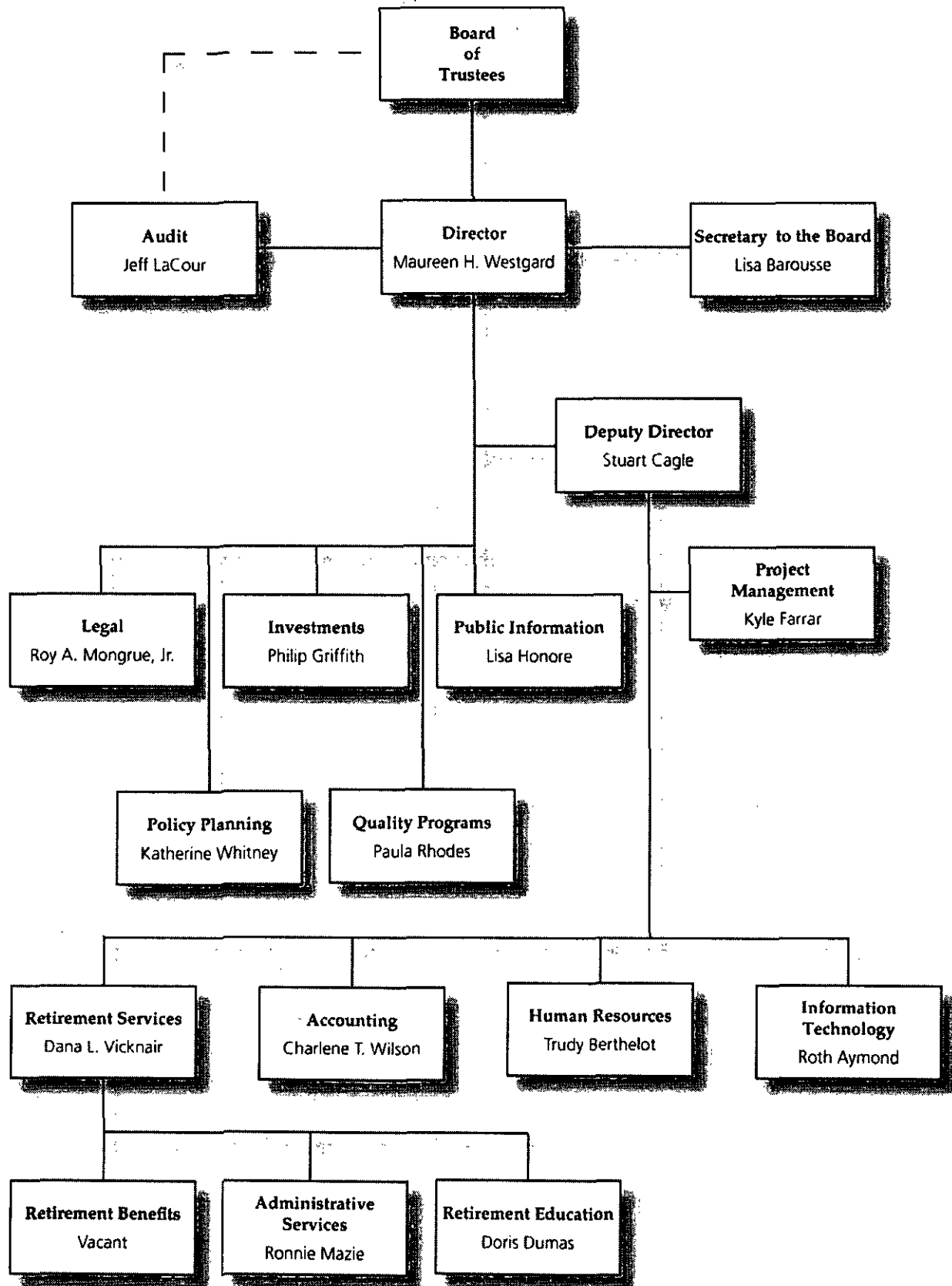
Jeff LaCour, *Audit Director*

Ronnie Mazie, *Administrative Program Manager*

Charlene T. Wilson, *Chief Financial Officer*

Vacant, *Retirement Benefits Administrator*

Organizational Chart



Professional Consultants

Actuaries

Hall Actuarial Associates
1624 LaSalle Parc
Baton Rouge, LA 70806

SJ Actuarial Associates
18645 Antebellum Court
Prairieville, LA 70769

Auditor

Hawthorn, Waymouth & Carroll, L.L.P.
Certified Public Accountants
8555 United Plaza Boulevard, Suite 200
Baton Rouge, LA 70809

Management & Consulting

Modiphy, Inc.
7906 Wrenwood Boulevard, Suite A
Baton Rouge, LA 70809

Broadridge ICS
P.O. box 23487
Newark, NJ 07189

Sign Language Services
10632 Ferncliff Avenue
Baton Rouge, LA 70815-5215

VR Election Services
3222 Skylane, Building 100
Carrollton, TX 75006

CEM Benchmarking, Inc.
80 Richmond Street West, Suite 1300
Toronto, Ontario M5H 2A4

Southwest Computer Bureau, Inc.
104-B E. Cornerview Street
Gonzales, LA 70737

Mail Guard Transcontinental Printing G.P.
12233 Collections Center Drive
Chicago, IL 60693

Sungard Availability Services
P.O. Box 91233
Chicago, IL 60693

Bayou Internet
P.O. Box 4808
Monroe, LA 71211

EFL Associates
8181 East Tufts, Suite 600
Denver, CO 80237

SSA Consultants, L.L.C.
9331 Bluebonnet Boulevard
Baton Rouge, LA 70810

Professional Consultants (cont'd)

IBM Corporation
P.O. Box 534151
Atlanta, GA 30353-4151

McLagan Management Consultants
P.O. Box 905188
Charlotte, NC 28290-5188

Equifax
P.O. Box 105835
Atlanta, GA 30384-5835

USA Consulting Inc.
701 East Plano Parkway, Suite 300
Plano, TX 75074

Scope Solutions Group Holdings Inc.
River Oaks Tower
3730 Kirby Drive, Suite 200
Houston, TX 77098

Pension Benefit Information
P.O. Box 10308
San Rafael, CA 94912

Secon
Brandywine/Office Building
825 Kaliste Saloom, Suite 100
Lafayette, LA 70508

ACL Services Ltd.
1550 Alberni Street
Vancouver, BC Canada

Element K
Dept AT 952879
Atlanta, GA 31192-2878

IDS Monitoring System
Prosource Technical Services
8 Doral Drive
Aiken, SC 29803

Legal Consultants
Avant & Falcon
P.O. Box 2667
Baton Rouge, LA 70821

Jones, Day, Reavis and Pogue
P.O. Box 660623
Dallas, TX 75266

Law Offices of Randy P. Zinna
8732 Quarters Lake Road
Baton Rouge, LA 70809

Investor Responsibility Support Services, Inc.
14 South Jackson Street, Suite 102
Media, PA 19063

Professional Consultants (cont'd)

Internal Revenue Service
P.O. Box 7604
Washington, DC 20044

LA Department of Justice
Collections Section
P.O. Box 94005
Baton Rouge, LA 70804-9005

Medical Examiners

Brian C. Gremillion, M.D.
3812 Deerfield
Baton Rouge, LA 70816

Anthony Ioppolo, M.D.
5408 Flanders Drive
Baton Rouge, LA 70808

W. J. Laughlin, M.D.
8080 Bluebonnet Boulevard, Suite 1000
Baton Rouge, LA 70810

H. Guy Riche', Jr., M.D.
929 Government Street, Suite 315
Baton Rouge, LA 70802

Tulane Medical Group
C/O Dr. Terry LeBourgeois, M.D.
1440 Canal Street, TB53
New Orleans, LA 70112

Capitol Clinical & Forensic Psychiatry, L.L.C.
C/O Dr. Terry LeBourgeois, M.D.
4040 North Boulevard, Suite A
Baton Rouge, LA 70806

Lawrence D. Wade, M.D.
P.O. Box 80780
Baton Rouge, LA 70898-0780

Kenneth Gaddis, M.D.
16777 Medical Center Drive, Suite 200
Baton Rouge, LA 70816

Richard W. Williams, M.D.
1541 Irving Place
Shreveport, LA 71101

Mortgage-Backed Fixed Income Advisor

TCW Asset Management Company
865 South Figueroa Street, Suite 1800
Los Angeles, CA 90017

J. P. Morgan Investment Management Inc.
245 Park Avenue
New York, NY 10167

Professional Consultants (cont'd)

Global Fixed Income Advisors

Augustus Asset Managers Limited
Bevis Marks House
Bevis Marks London, EC3A 7NE England

Brandywine Global Investment Management, Inc.
2929 Arch Street, 8th Floor
Philadelphia, PA 19104

Fixed Income Domestic Investment Grade Advisors

JPMorgan Chase
1111 Polaris Parkway, Suite 2D
Mail Code OH1-0211
Columbus, OH 43240

ING Investment Management Americas
1450 Shady Hollow Circle
Prosper, TX 75078

High Yield Fixed Income Advisors

Fountain Capital Management, L.L.C.
11551 Ash Street, Suite 250
Leawood, KS 66211

Seix Investment Advisors
10 Mountainview Road, Suite C-200
Upper Saddle River, NJ 07458

Shenkman Capital Management, Inc.
461 Fifth Avenue, 22nd Floor
New York, NY 10017

Large Cap Growth Equity Advisors

The Smith Asset Management Group, L.P.
100 Crescent Court, Suite 1150
Dallas, TX 75201

Rhumblin Advisers
30 Rowes Wharf, Suite 350
Boston, MA 02110-3326

Atlanta Capital Management Company, L.L.C.
P. O. Box 102021
Atlanta, GA 30368-2021

Aletheia Research and Management, Inc.
100 Wilshire Blvd., Suite 1960
Santa Monica, CA 90401

Large Cap Value Equity Advisors

LSV Asset Management
155 West Wacker Drive
Chicago, IL 60606

Rhumblin Advisers
30 Rowes Wharf, Suite 350
Boston, MA 02110-3326

Professional Consultants (cont'd)

Large Cap Core Equity Managers

Golden Capital Management
10715 David Taylor Drive, Suite 400
Charlotte, NC 28262

Madison Square Investors, L.L.C.
1180 Avenue of the Americas, 22nd Floor
New York, NY 10036

UBS Global Asset Management Inc.
UBS Tower
One North Wacker Drive
Chicago, IL 60606

Rhumblin Advisers
30 Rowes Wharf, Suite 350
Boston, MA 02110-3326

SMID Core Equity Advisors

Chicago Equity Partners, L.L.C.
6069 Paysphere Circle
Chicago, IL 60674

First Quadrant, L.P.
800 East Colorado Boulevard, Suite 900
Pasadena, CA 91101

Perimeter Capital Management
Five Concourse Parkway, Suite 2725
Atlanta, GA 30328

Rothschild Asset Management, Inc.
1251 Avenue of the Americas
New York, NY 10020

Smith Asset Management Group, L.P.
100 Crescent Court, Suite 1150
Dallas, TX 75201

Westwood Management Corp.
200 Crescent Court, Suite 1200
Dallas, TX 75201

Small Cap Value Equity Advisors

Fiduciary Management Associates, L.L.C.
55 W. Monroe Street, Suite 2550
Chicago, IL 60603

Mid Cap Growth Equity Advisor

Columbus Circle Investors
Metro Center
One Station Place
South Stamford, CT 06902

International Core Equity Advisors

Artisan Partners Limited Partnership
100 Pine Street, Suite 2950
San Francisco, CA 94111

Professional Consultants (cont'd)

Baillie Gifford Overseas Limited
Calton Square
1 Greenside Row
Edinburg, EH1 3AN, Scotland

New Star Institutional Managers Limited
1 Knightsbridge Green
London SW1X 7NE England

Large Cap Value International Equity Advisors

Alliance Bernstein L.P.
1345 Avenue of the Americas
New York, NY 10105

LSV Asset Management
One North Wacker Dr., 40th Floor
Chicago, IL 60606

Small Cap International Equity Advisors

Acadian Asset Management
One Post Office Square, 20th Floor
Boston, MA 02109

Dimensional Fund Advisors
6300 Bee Cave Road, Building One
Austin, TX 78746

Equity Index Advisors

RhumbLine Advisers
30 Rowes Wharf, Suite 350
Boston, MA 02110-3326

Mellon Capital Management
50 Fremont Street, 39th Floor
San Francisco, CA 94105

BNY Mellon Center
500 Grant Street, Room 4200
Pittsburg, PA 15258

Core Real Estate

Prudential Real Estate Investors
8 Campus Drive
Parsippany, NJ 07054

UBS Realty Investors LLC
UBS Tower
One North Wacker Drive
Chicago, IL 60606

JPMorgan Investment Management, Inc.
245 Park Avenue, 2nd Floor
New York, NY 10167-0001

Alternative Investments Manager

Hamilton Lane Advisors, L.L.C.
One Presidential Boulevard, 4th Floor
Bala Cynwyd, PA 19004

Professional Consultants (cont'd)

Investment Performance Consultants

Hammond Associates Inst. Fund
Consultants
101 South Hanley Street, 3rd Floor
St. Louis, MO 63105-3406

R.V. Kuhns & Associates, Inc.
1000 South West Broadway, Suite 1680
Portland, OR 97205

Global Custodian

BNY Mellon
135 Santilli Highway
MZ #026-0313
Everett, MA 02149

Securities Lending Vendor

BNY Mellon Asset Servicing
500 Ross Street, Suite 850
Pittsburgh, PA 15262-0001

The Clifton Group
3600 Minnesota Drive, Suite 325
Edina, MN 55435

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Teachers' Retirement System of Louisiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



Public Pension Coordinating Council

***Public Pension Standards Award
For Funding and Administration
2009***

Presented to

Teachers' Retirement System of Louisiana

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in cursive script, reading 'Alan H. Winkle'.

Alan H. Winkle
Program Administrator

Summary of 2009-2010 Legislation

Act 634	Allows garnishment of the pension or retirement benefit of an elected official or public employee to pay any fine or restitution or any costs of incarceration, probation, or parole, imposed as a penalty for conviction of a felony associated with his office and the offense occurs on or after July 1, 2010. <i>(Effective July 1, 2010)</i>
Act 637	Proposes various changes to state law relative to TRSL and other three state systems in order to maintain compliance with applicable federal tax qualification requirements of the IRS. <i>(Effective July 1, 2010)</i>
Act 874	Requires PRSAC to determine employer contribution rates as soon as practicable after January 1 and by no later than the last Monday in February each year; provides for PRSAC to report findings and recommendations to the House and Senate retirement committees and the Joint Legislative Committee on the Budget; and provides for PRSAC membership to include the legislative auditor, ex officio, or his designee. <i>(Effective July 1, 2010)</i>
Act 921	Prohibits retirees from receiving retirement benefits during the period of re-employment unless such retirees meet certain re-employment conditions. <i>(Effective July 1, 2010)</i>
Act 992	Makes changes to the retirement benefits for persons hired on or after January 1, 2011, whose first employment makes them eligible for membership in one of the four state retirement systems. <i>(Effective January 1, 2011)</i>
Act 999	Requires a charter school teacher who is an active member of the system to remain an active member for the duration of employment at the charter school under certain circumstances. <i>(To be effective upon TRSL receipt of IRS ruling)</i>
Act 1004	Amends the law which provides the "prudent man rule" to set forth specific risk factors to be included in the asset allocation study and implementation plan; sets forth factors that shall be given weight when public retirement systems contemplate any investment, action, or asset allocation; and requires retirement systems to submit quarterly investment reports to the legislative committees on retirement. <i>(Effective July 1, 2010)</i>
Act 1010	Provides that if any employee fails to make the required retirement contributions within four years of his re-employment following military service, the retirement system may permit such employee to make such contributions within the time period allowable under the Uniformed Services Employment and Re-employment Rights Act of 1994 (USERRA). <i>(Effective June 30, 2010)</i>
Act 1048	Proposed constitutional amendment that would require a two-thirds vote of both houses of the Legislature in order to enact any legislative bill that provides a benefit to members of any public retirement system, if that benefit provision has an actuarial cost to the system.
HCSR 8	Requests that the House and Senate retirement committees meet jointly to study issues relative to investments and board membership of the four state retirement systems and report the findings to the Legislature no later than 60 days prior to the start of the 2011 Regular Session.
HCSR 14 & SR 155	Requests a joint legislative committee to be formed to study issues related to spousal survivorship benefits in public retirement systems and community property rights associated with retirement benefits.
SCSR 4	Requests that the Senate and House retirement committees meet jointly to study the appropriate manner in which to provide permanent benefit increases to the retirees of the four state retirement systems and to develop recommendations to be submitted to the Legislature on or before April 1, 2011.

FINANCIAL SECTION

Independent Auditor's Report	25
Management's Discussion and Analysis.....	27

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

J. CHARLES PARKER, C.P.A.
LOUIS C. MCKNIGHT, III, C.P.A.
CHARLES R. PEVEY, JR., C.P.A.
DAVID J. BROUSSARD, C.P.A.



CERTIFIED PUBLIC ACCOUNTANTS

8555 UNITED PLAZA BLVD., SUITE 200
BATON ROUGE, LOUISIANA 70809
(225) 923-3000 • FAX (225) 923-3008

October 11, 2010

Independent Auditor's Report

Members of the Board of Trustees
Teachers' Retirement System of Louisiana
Baton Rouge, Louisiana

Members of the Board:

We have audited the accompanying statements of plan net assets of the

**Teachers' Retirement System of Louisiana
Baton Rouge, Louisiana**

a component unit of the State of Louisiana, as of June 30, 2010 and 2009, and the related statements of changes in plan net assets for the years then ended, which collectively comprise the System's basic financial statements. These financial statements are the responsibility of the Teachers' Retirement System of Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Teachers' Retirement System of Louisiana as of June 30, 2010 and 2009, and the changes in net assets for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2010, on our consideration of the Teachers' Retirement System of Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 26 through 30 and 59 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Teachers' Retirement System of Louisiana's financial statements as a whole. The accompanying financial information listed in the Table of Contents as supporting schedules is presented for the purposes of additional analysis and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Yours truly,
Hawthorne, Whymouth & Carroll, L.L.P.

Management's Discussion and Analysis

Management is pleased to provide this overview and analysis of TRSL's financial performance. This narrative overview and analysis assist in interpreting the key elements of the financial statements, notes to the financial statements, required supplementary information, and supporting schedules for 2009 and 2010. We encourage readers to consider the information and data presented here in conjunction with information provided in other areas of the Financial Section, as well as information presented in the letter of transmittal in the Introductory Section.

Financial Highlights

- The net assets held in trust were \$12 billion in 2010 compared to \$11.3 billion in 2009, and \$15.0 billion in 2008.
- The market rate of return on the System's investments was 12.6 percent for 2010 compared to -22.3 percent for 2009, and -4.8 percent for 2008.
- The System's funded ratio (assets include IUAL funds and employer credit account) decreased to 54.4 percent at June 30, 2010, compared to 59.1 percent at June 30, 2009, and 70.2 percent at June 30, 2008.
- The unfunded actuarial accrued liability (UAAL) increased from \$9.3 billion in 2009 to \$10.8 billion in 2010. The unfunded actuarial accrued liability was \$6.6 billion in 2008. This liability includes all actuarial assets required in accordance with GASB 25.
- Total benefit payments were \$1.5 billion in 2010 and 2009. The benefit payments were \$1.4 billion in 2008.

Overview of the Financial Statements

The System's basic financial statements include the following:

1. Statements of plan net assets,
2. Statements of changes in plan net assets, and
3. Notes to the financial statements.

This report also contains required supplementary information in addition to the basic financial statements. The statements of plan net assets report the pension fund's assets, liabilities, and resultant net assets held in trust for pension benefits. It discloses the financial position of the System as of June 30, 2010, and June 30, 2009.

The statements of changes in plan net assets report the results of the pension fund's operations during the years, disclosing the additions to and deductions from the plan net assets. It supports the change that has occurred to the prior year's net asset value on the statement of plan net assets.

The notes to the financial statements provide additional information and insight that are essential to gain a full understanding of the data provided in the statements.

- **Note A** provides a general description of TRSL, information regarding employer and membership participation, and descriptions of the various plans offered.
- **Note B** provides a summary of significant accounting policies and plan asset matters including the basis of accounting, estimates, methods used to value investments, property and equipment, budgetary accounting methods, accumulated leave requirements, and reclassifications.
- **Note C** provides information regarding member and employer contribution requirements.
- **Note D** provides information regarding TRSL employee pension benefit plans.
- **Note E** describes the System's investments and includes information regarding cash and cash equivalents, security collateralization, investment credit risk, interest rate risk, foreign credit risk, and alternative investments.
- **Note F** provides information regarding securities lending transactions.
- **Note G** describes the various types of derivative investments in which the System is invested.
- **Note H** provides information on contingent liabilities.
- **Note I** provides the required supplementary information.
- **Note J** provides information on the presentation of GASB Statement 44.
- **Note K** provides information on the presentation of GASB Statement 45.

Required supplementary information consists of two schedules and related notes concerning the funded status of the System. It also includes the schedule of funding progress for the Other Post-Employment Benefits (OPEB) plan.

Supporting schedules include information on administrative expenses (budget and actual), investment expenses, board compensation, and payments to non-investment related consultants.

TRSL Financial Analysis

TRSL provides retirement benefits to all eligible teachers, administrative support staff, and school food service personnel. Employee contributions, employer contributions, and earnings on investments fund these benefits. Total net assets held in trust to pay pension benefits at June 30, 2010, is \$12 billion, compared to \$11.3 billion held in trust at June 30, 2009, and \$15.0 billion held in trust at June 30, 2008.

Condensed Comparative Statements Plan Net Assets			
	2010	2009	2008
Cash and cash equivalents	\$ 150,796,599	\$ 131,091,325	\$ 36,087,141
Receivables	232,042,241	321,442,995	475,647,057
Investments (fair value)	11,740,975,822	10,978,695,442	14,764,880,898
Securities lending collateral	1,199,699,967	747,644,119	1,063,675,677
Capital assets	<u>4,249,381</u>	<u>4,435,754</u>	<u>4,643,492</u>
Total assets	<u>13,327,764,010</u>	<u>12,183,309,635</u>	<u>16,344,934,265</u>
Accounts payable and other liabilities	106,632,659	185,384,219	285,008,869
Securities lending collateral	<u>1,199,699,967</u>	<u>747,644,119</u>	<u>1,063,675,677</u>
Total liabilities	<u>1,306,332,626</u>	<u>933,028,338</u>	<u>1,348,684,546</u>
Net assets held in trust	<u>\$ 12,021,431,384</u>	<u>\$ 11,250,281,297</u>	<u>\$ 14,996,249,719</u>

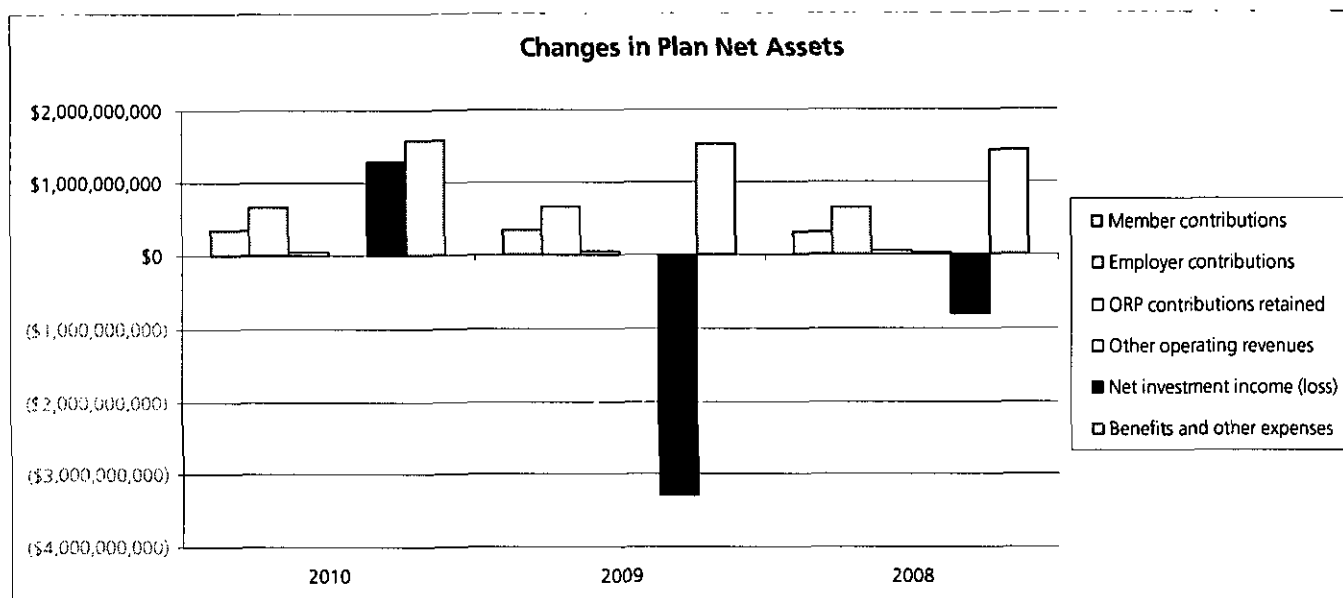
Changes in Plan Net Assets

For June 30, 2010, additions to TRSL's plan net assets were derived from member and employer contributions. For 2010, member contributions increased \$2,566,761 (0.75 percent) while employer contributions increased \$4,975,240 (0.75 percent) over 2009. For 2009, member contributions increased \$20,869,419 (6.45 percent) while employer contributions increased \$4,152,859 (0.63 percent) over 2008. For 2008, member contributions increased 14.6 percent and employer contributions increased 20.5 percent over 2007. The steady increase in member contributions is a direct result of the increase in the total teacher salary base. Salaries have continued to grow and 2010 reflects a (0.75 percent) increase over the 2009 total payroll. The increase for 2009 was 6.5-percent, and 2008 reflects a 14 percent increase. The System's actuary and the Public Retirement Systems' Actuarial Committee (PRSAC) adjust employer contributions annually. The employer rate was 15.5 percent for 2010, 15.5 percent for 2009, and 16.6 percent for 2008.

Condensed Comparative Statements of Changes in Plan Net Assets			
	2010	2009	2008
Additions			
Member contributions	\$ 347,114,632	\$ 344,547,871	\$ 323,678,452
Employer contributions	665,219,676	660,244,436	656,091,577
ORP contributions retained	61,339,786	54,447,510	57,569,465
Other operating revenues	3,605,633	4,407,243	46,264,759
Total investment income (loss)	<u>1,285,742,297</u>	<u>(3,292,248,484)</u>	<u>(799,919,813)</u>
Total additions	<u>2,363,022,024</u>	<u>(2,228,601,424)</u>	<u>283,684,440</u>
Deductions			
Benefits, refunds, and other	1,575,174,018	1,501,027,245	1,420,738,298
Administrative expenses	16,154,823	15,799,028	14,880,903
Depreciation expense	<u>543,096</u>	<u>540,725</u>	<u>545,737</u>
Total deductions	<u>1,591,871,937</u>	<u>1,517,366,998</u>	<u>1,436,164,938</u>
Net increase (decrease)	771,150,087	(3,745,968,422)	(1,152,480,498)
Net assets beginning of year	<u>11,250,281,297</u>	<u>14,996,249,719</u>	<u>16,148,730,217</u>
Net assets end of year	<u>\$ 12,021,431,384</u>	<u>\$ 11,250,281,297</u>	<u>\$ 14,996,249,719</u>

Financial Section

Deductions from plan net assets totaled \$1,591,871,937 in fiscal year 2010, an increase of \$74,504,939 or 4.9 percent over fiscal year 2009. In 2009, total deductions from plan net assets increased by \$81,202,060 or 5.7 percent over fiscal year 2008. Benefit payments continue to be the major reason for this increase. For fiscal year 2010, benefit payments increased by 4.7 percent compared to 5.8 percent in 2009 and 6.8 percent in 2008. Refunds of contributions and other operating expenses increased by \$5,729,315, or 15.3 percent, from 2009. Administrative expenses increased by \$355,795 or 2.3 percent over fiscal year 2009. The underlying factors in the administrative increase are salaries and related benefits. Salaries of \$9,477,635 were paid in 2010, resulting in a 1.4 percent increase over 2009. Salaries of \$9,343,447 were paid in 2009, resulting in a 13.15-percent increase over 2008. Related benefits increased by \$61,524, or 2.2 percent, over 2009. Related benefits increased 164,237, or 6.3 percent, over 2008.

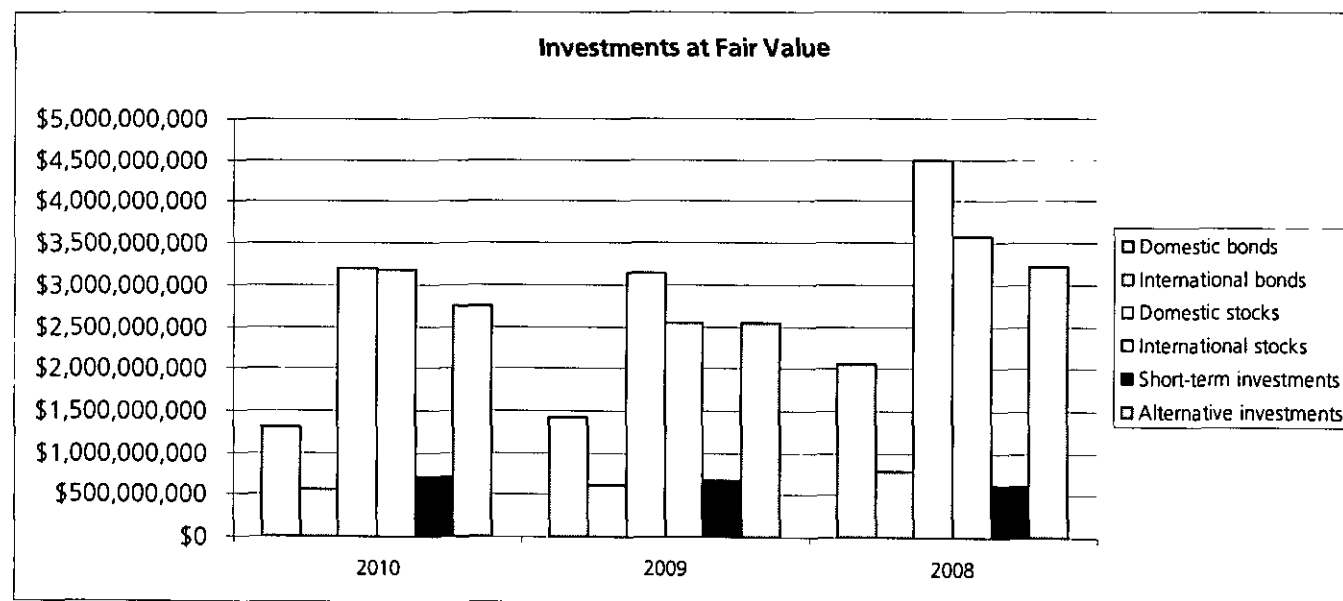


Investments

As the state's largest public retirement system, TRSL is responsible for the prudent management of funds held in trust for the exclusive benefit of member pension benefits. Funds are invested to achieve maximum returns without exposing retirement assets to unacceptable risks.

Total investments at June 30, 2010, amounted to \$11.7 billion, compared to \$11 billion at June 30, 2009, which is an increase of \$700 million. For 2010, the System successfully achieved a \$1.3 billion gain. However, in 2009, the System experienced a net loss on investments of \$3.3 billion, and in 2008, the System experienced a net loss on investments of \$800 million. For 2010, the gain is directly related to the increase the markets have taken on both domestic and international investments.

For 2010, the System's market rate of return is 12.6 percent. This return ranks in the 63rd percentile of the BNY Mellon Financial Public Funds. It places TRSL ahead of 27 percent of other public pension plans with assets greater than \$1.0 billion. In 2010, an improvement in the financial world market played key roles in the outcome of the System's earnings potential.



Investments at Fair Value			
	2010	2009	2008
Domestic bonds	\$ 1,319,516,370	\$ 1,422,286,805	\$ 2,068,620,083
International bonds	569,848,847	626,067,234	791,074,725
Domestic stocks	3,203,068,233	3,151,788,583	4,488,267,744
International stocks	3,189,810,406	2,555,387,559	3,568,846,836
Short-term investments	712,442,177	671,061,232	624,681,156
Alternative investments	<u>2,746,289,789</u>	<u>2,552,104,029</u>	<u>3,223,390,354</u>
Total investments	<u>\$ 11,740,975,822</u>	<u>\$ 10,978,695,442</u>	<u>\$ 14,764,880,898</u>

Funded Status

An actuarial valuation of assets and liabilities is performed annually. The System's funded ratio decreased to 54.4 percent at June 30, 2010, compared to 59.1 percent at June 30, 2009, and 70.2 percent at June 30, 2008. The amount by which TRSL's actuarial liabilities exceed the actuarial assets is \$10.8 billion at June 30, 2010, compared to \$9.3 billion at June 30, 2009, and \$6.6 billion at June 30, 2008, thereby increasing the System's unfunded accrued liability (UAL) by \$4.2 billion since 2008. For the year ending June 30, 2010, the net realized actuarial rate of return was -.89 percent, which was less than the System's long-term investment assumption of 8.25 percent. This resulted in a net investment experience loss. For the years ending June 30, 2009 and 2008, the net realized actuarial rates of return were -12.31 percent and 5.15 percent respectively.

Requests for Information

Questions concerning any of the information provided herein, or requests for additional financial information should be addressed to:

Charlene T. Wilson
Chief Financial Officer
Teachers' Retirement System of Louisiana
P. O. Box 94123
Baton Rouge, LA 70804-9123
charlene.wilson@trsl.org

BASIC FINANCIAL STATEMENTS

Statements of Plan Net Assets	33
Statements of Changes in Plan Net Assets	34
Notes to the Financial Statements	35

Statements of Plan Net Assets

Statements of Plan Net Assets as of June 30, 2010 and 2009		
	2010	2009
Assets		
Cash and cash equivalents	\$ 150,796,599	\$ 131,091,325
Receivables		
Member contributions	59,257,475	61,727,888
Employer contributions	96,897,980	97,504,616
ORP contributions retained	4,279,761	3,867,065
Pending trades	36,016,308	119,795,990
Accrued interest and dividends	28,455,058	33,408,160
Other receivables	7,135,659	5,139,276
Total receivables	232,042,241	321,442,995
Investments, at fair value		
Domestic bonds	1,319,516,370	1,422,286,805
International bonds	569,848,847	626,067,234
Domestic common and preferred stocks	3,203,068,233	3,151,788,583
International common and preferred stocks	3,189,810,406	2,555,387,559
Domestic and international short-term investments	712,442,177	671,061,232
Alternative investments	2,746,289,789	2,552,104,029
Total investments	11,740,975,822	10,978,695,442
Invested securities lending collateral		
Collateral held under domestic securities lending program	939,717,625	437,332,021
Collateral held under international securities lending program	259,982,342	310,312,098
Total securities lending collateral	1,199,699,967	747,644,119
Property and equipment (at cost) - net	4,249,381	4,435,754
Total assets	13,327,764,010	12,183,309,635
Liabilities		
Accounts payable	8,167,523	7,296,980
Benefits payable	10,819,919	9,896,296
Refunds payable	6,356,179	6,705,543
Pending trades payable	72,754,781	150,091,261
Other liabilities	8,534,257	11,394,139
Total accounts payable and other liabilities	106,632,659	185,384,219
Securities lending collateral		
Obligations under domestic securities lending program	939,717,625	437,332,021
Obligations under international securities lending program	259,982,342	310,312,098
Total securities lending collateral	1,199,699,967	747,644,119
Total liabilities	1,306,332,626	933,028,338
Net assets held in trust for pension benefits	\$ 12,021,431,384	\$ 11,250,281,297
See accompanying notes to financial statements.		

Statements of Changes in Plan Net Assets

Statements of Changes in Plan Net Assets for the Years Ended June 30, 2010 and 2009		
	2010	2009
Additions		
Contributions		
Member contributions	\$ 347,114,632	\$ 344,547,871
Employer contributions	665,219,676	660,244,436
Total contributions	1,012,334,308	1,004,792,307
ORP contributions retained	61,339,786	54,447,510
Investment income:		
From investment activities		
Net appreciation (depreciation) in fair value of domestic investments	858,442,001	(2,349,746,089)
Net appreciation (depreciation) in fair value of international investments	189,051,016	(1,241,530,644)
Domestic interest	88,485,556	127,898,837
International interest	30,639,991	32,949,523
Domestic dividends	58,019,267	72,833,729
International dividends	77,539,701	78,873,116
Alternative investment income	41,032,314	39,105,891
Miscellaneous investment income	88,306	7,772
Commission rebate income	6,118	482,025
Total investment income (loss)	1,343,304,270	(3,239,125,840)
Investment activity expenses:		
International investment expenses	(4,491,280)	(3,095,851)
Alternative investment expenses	(30,548,101)	(30,910,869)
Custodian fees	(468,022)	(446,588)
Performance consultant fees	(713,829)	(1,238,734)
Advisor fees	(27,145,172)	(26,318,814)
Total investment expenses	(63,366,404)	(62,010,856)
Net income from investing activities (loss)	1,279,937,866	(3,301,136,696)
From securities lending activities		
Securities lending income	4,779,079	17,685,073
Securities lending expenses:		
Fixed	(1,206,030)	(3,031,970)
Equity	1,269,163	(2,565,874)
International	962,219	(3,199,017)
Total securities lending activities expenses	1,025,352	(8,796,861)
Net income from securities lending activities	5,804,431	8,888,212
Total net investment income (loss)	1,285,742,297	(3,292,248,484)
Other operating revenues	3,605,633	4,407,243
Total additions	2,363,022,024	(2,228,601,424)
Deductions		
Retirement benefits	1,532,526,141	1,464,106,312
Refunds of contributions & other	40,834,543	34,418,885
TRSL employee health & life expense	1,813,334	2,502,048
Administrative expenses	16,154,823	15,799,028
Depreciation expense	543,096	540,725
Total deductions	1,591,871,937	1,517,366,998
Net increase (decrease)	771,150,087	(3,745,968,422)
Net assets held in trust for pension benefits		
Beginning of year	11,250,281,297	14,996,249,719
End of year	\$ 12,021,431,384	\$ 11,250,281,297
See accompanying notes to financial statements.		

Notes to the Financial Statements

A. Plan Description

1. General

The System is the administrator of a cost-sharing, multiple-employer, defined benefit pension plan established and provided for within Title 11, Chapter 2, of the Louisiana Revised Statutes. The System provides pension benefits to employees who meet the legal definition of a "teacher." The System is considered part of the State of Louisiana's financial reporting entity and is included in the State's financial reports as a pension trust fund. The State of Louisiana issues general purpose financial statements, which include the activities in the accompanying financial statements. The accompanying statements present information only as to transactions of the program of the System, as authorized by Louisiana Revised Statutes.

In accordance with Louisiana Revised Statutes, the System is subject to certain elements of oversight:

- The Commission on Public Retirement reviews administration, benefits, investments, and funding of the public retirement systems.
- The operating budget of the System is subject to budgetary review and approval by the Legislature.
- Annual sworn statements on all financial transactions and the actuarial valuation of the System must be furnished to the Legislature at least 30 days before the beginning of each regular session.
- The legislative auditor is responsible for the procurement of audits for the public retirement systems and is authorized to contract with a licensed CPA for each audit.
- Actuarial calculations and results are reviewed by the Public Retirement Systems' Actuarial Committee (PRSAC) annually.

In May 2002, the Governmental Accounting Standards Board issued Statement No. 39, Determining Whether Certain Organizations Are Component Units that amended Statement No. 14, The Financial Reporting Entity. The definition of the reporting entity is based primarily on the notion of financial accountability. In determining financial accountability for legally separate organizations, the System considered whether its officials appoint a voting majority of an organization's governing body and whether they are able to impose their will on that organization or if there is a potential for the organization to provide specific financial burdens or to impose specific financial burdens on the System. The System also determined whether there are organizations that are fiscally dependent on it. It was determined that there are no component units of the System.

2. Membership

At June 30, 2010 and 2009, the number of participating employers was:

	2010	2009
School Boards	69	69
Colleges and Universities	27	27
State Agencies	63	64
Charter Schools	33	27
Other	<u>16</u>	<u>15</u>
Total	<u>208</u>	<u>202</u>

Membership of this plan consisted of the following at June 30, 2010 and 2009, the dates of the latest actuarial valuations:

	2010	2009
Retirees and beneficiaries receiving benefits	63,940	62,417
Deferred Retirement Option Plan participants	3,148	3,421
Terminated vested employees entitled to but not yet receiving benefits	5,745	5,872
Terminated nonvested employees who have not withdrawn contributions	16,502	10,905
Current active employees:		
Vested	55,640	55,175
Nonvested	29,407	29,544
Post Deferred Retirement Option Plan participants	<u>3,736</u>	<u>3,487</u>
Total	<u>178,118</u>	<u>170,821</u>

3. Funding Status and Funding Progress

Contributions to the System are determined through annual actuarial valuation. Administration of TRSL is financed through investment earnings. The schedule below reflects the funding status and progress of the System for the fiscal year ended June 30, 2010. (Dollars are presented in thousands)

Actuarial Valuation Date	Actuarial Value of Assets ¹ (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) ² (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
06/30/10	12,868,484	23,674,842	10,806,358	54.4%	3,977,819	271.7%

¹ The Actuarial Value of Assets for GASB reporting includes the IUAL Fund Assets in the Valuation Assets.

² UAAL differs from the UFAL for funding purposes. UFAL for funding purposes excludes IUAL Fund.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required Schedule of Funding Progress located in Required Supplementary Information following Notes to the Financial Statements presents multi-year trend information regarding whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Additional information on the actuarial methods and assumptions used as of the June 30, 2010 actuarial valuation follows:

Valuation date	June 30, 2010												
Actuarial cost method	Projected Unit Credit												
Amortization method	<p>The unfunded accrued liability on June 30, 1988, is amortized over a 40-year period commencing in 1989. The amortization payment reflects a 4% increase for the first five years, reducing by 0.5% at the end of each quinquennial period. Changes in unfunded accrued liabilities occurring after June 30, 1988, are amortized as level dollar amounts.</p> <p>Act 257 of 1992 further amended the amortization schedule to reflect a 4.5% payment increase over the remaining amortization period.</p> <p>Act 588 of 2004 re-amortized changes in liabilities occurring from 1993 through 2000 as a level dollar payment to 2029. Amortization periods for changes in liabilities beginning with 2001 through 2003 were extended to a 30-year period from the date of occurrence. Amortization periods for changes in liabilities beginning with 2004 are extended to a 30-year period from the date of occurrence, paid as a level dollar amount.</p> <p>Act 484 of 2007 and resulting constitutional amendment requires increases in UAL due to altered benefit provisions by legislative enactment to be amortized over a 10-year period with level payments.</p> <p>Act 497 of 2009 consolidates the outstanding balance of all amortization schedules established on or before July 1, 2008, into two amortization schedules, the Original Amortization Base (OAB) and the Experience Account Amortization Base (EAAB). The consolidation is effective July 1, 2010. The outstanding balance of the OAB will be credited with funds from the Initial UAL fund, excluding the subaccount of this fund, and the Employer Credit Account. The OAB will be paid off in plan year 2028/2029. The EAAB will be credited with funds from the Initial UAL subaccount, which were transferred from the Employee Experience Account on June 30, 2009. The EAAB will be paid off in plan year 2039/2040. The payment schedule for each of these bases will increase each plan year as follows:</p> <table><tr><td>Plan Year</td><td>Original Amortization Base</td><td>Experience Account Amortization Base</td></tr><tr><td>2011/2012 – 2013/2014</td><td>7.0%</td><td>7%</td></tr><tr><td>2014/2015 – 2017/2018</td><td>6.5%</td><td>6.5%</td></tr><tr><td>2018/2019 +</td><td>2.0%</td><td>Level Payments</td></tr></table>	Plan Year	Original Amortization Base	Experience Account Amortization Base	2011/2012 – 2013/2014	7.0%	7%	2014/2015 – 2017/2018	6.5%	6.5%	2018/2019 +	2.0%	Level Payments
Plan Year	Original Amortization Base	Experience Account Amortization Base											
2011/2012 – 2013/2014	7.0%	7%											
2014/2015 – 2017/2018	6.5%	6.5%											
2018/2019 +	2.0%	Level Payments											
Amortization approach	Closed												
Remaining amortization period	Dependent upon the amortization method as described above.												
Asset valuation method	Assets are valued on a basis which reflects a four-year moving weighted average value between market value and cost value. This value is subject to Corridor Limits of 80% to 120% of the Market Value of Assets.												
Actuarial assumptions:													
Investment rate of return*	8.25%												
Projected salary increases*	3.50% - 7.50%												
Cost-of-living adjustments	None												
* Includes inflation at 3.0 %													

4. Eligibility

The System consists of three membership plans that require mandatory enrollment for all employees who meet the following eligibility requirements:

- **TRSL Regular Plan** — employees that meet the legal definition of a “teacher” in accordance with Louisiana Revised Statutes 11:701(33)(a).
- **TRSL Plan A** — employees paid with school food service funds in which the parish has withdrawn from Social Security coverage.
- **TRSL Plan B** — employees paid with school food service funds in which the parish has not withdrawn from Social Security coverage.

These three membership plans are considered one pension plan for financial reporting purposes. All assets accumulated for the payment of benefits may legally be used to pay benefits to any of the plan members or beneficiaries. TRSL provides retirement, disability, and survivor benefits. Plan members become vested after five years of credited service. Members applying for disability retirement must be in active service at the time of filing the application. The formula for annual maximum retirement benefits is 2 or 2.5 percent (Regular Plan), 1 or 3 percent (Plan A), or 2 percent (Plan B) of final average salary for each year of credited service. Final average salary is based upon the member's highest successive 36 months of salary. Benefits are paid monthly for life. If a member leaves covered employment prior to vesting or dies prior to establishing eligibility for survivor benefits, accumulated member contributions are refunded.

In 1989, the Legislature established an Optional Retirement Plan (ORP) for academic employees of public institutions of higher education who are eligible for membership in TRSL. This plan was designed to provide certain academic and unclassified employees of public institutions of higher education an optional method of funding for their retirement.

The ORP is a defined contribution pension plan which provides for portability of assets, and full and immediate vesting of all contributions submitted on behalf of the affected employees to the approved providers. These providers are selected by the TRSL Board of Trustees. Monthly employer and employee contributions are invested as directed by the employee to provide the employee with future retirement benefits. The amount of these benefits is entirely dependent upon the total contributions and investment returns accumulated during the employees' working lifetime.

Employees in eligible positions of higher education can make an irrevocable election to participate in the ORP rather than TRSL and purchase annuity contracts—fixed, variable, or both—for benefits payable at retirement. Louisiana Revised Statutes 11:921 through 11:931 required the Board of Trustees of TRSL to implement the ORP no later than March 1, 1990, and the public institutions of higher education to implement their ORP on July 1, 1990. The 1995 legislative session amended the ORP to allow ORP participants who assume positions, other than as employees of a public institution of higher education covered by TRSL, to continue to participate in the ORP. The number of participating employers is currently 122. Current membership in the ORP is 24,047, which includes 7,735 active participants.

In accordance with Louisiana Revised Statutes 11:927(B), the System retains 9.74 percent of the 15.5 percent ORP employer contributions. The amount transferred to the carriers is the employer portion of the normal cost contribution that has been approved by the Public Retirement Systems' Actuarial Committee to be 5.76 percent for FY 2010.

Member contributions (8 percent) are transferred to the carriers in their entirety less 0.1 percent, which has been established by the Board of Trustees to cover the cost of administration and maintenance of the ORP. The administrative fee may be adjusted by the Board should the cost of administering the plan change in the future.

At June 30, 2010, and 2009, employees joining ORP consisted of:	2010	2009
Members of TRSL joining ORP	66	117
New employees joining ORP	<u>567</u>	<u>729</u>
	<u>633</u>	<u>846</u>
Total actively contributing members	7,735	7,102

At June 30, 2010, and 2009, the amounts transferred to ORP were:	2010	2009
Amounts previously held in TRSL reserves	\$ 271,619	\$ 319,057
Contributions	<u>85,384,448</u>	<u>93,450,651</u>
	<u>\$85,656,067</u>	<u>\$93,769,708</u>

At June 30, 2010, and 2009, member and employer contribution rates were:	2010	2009
Member		
Member contribution rate (applicable for ORP transfers)	7.900%	7.900%
Member contribution rate (administrative fee – TRSL)	<u>0.100%</u>	<u>0.100%</u>
	8.000%	8.000%
Employer		
Employer contribution rate (normal cost is applicable for ORP transfers)	5.7600%	6.9453%
Unfunded rate (retained by TRSL)	9.7400%	8.5547%
	15.5000%	15.5000%

The Deferred Retirement Option Plan (DROP) was implemented on July 1, 1992, with the passage of Louisiana Revised Statutes 11:786 by the Legislature. When a member enters the DROP, his status changes from active member to retiree, even though he continues to work at his regular job and draws his regular salary. In the original DROP, participation in the program could not exceed two years; however, the DROP was modified on January 1, 1994, to allow for a three-year period of participation. During the DROP participation period, the retiree's retirement benefits are paid into a special account. The election is irrevocable once participation begins. For members eligible to enter the DROP prior to January 1, 2004, interest will be earned at a rate equal to the actuarial realized rate of return on the System's portfolio for that plan year as certified by the System actuary in his actuarial report, less one-half of one percent after participation ends.

For members eligible to enter the DROP on or after January 1, 2004, interest will be earned at the liquid asset money market rate less one quarter of one percent administrative fee. Interest is posted monthly to the accounts and will be based on the balance in the account for that month. As of June 30, 2010, DROP/ILSB accounts for members who joined on or after January 1, 2004, earned approximately .01 percent. At the time of retirement, the member must choose among available alternatives for the distribution of benefits which have accumulated in the DROP account.

Effective January 1, 1996, the Legislature authorized TRSL to establish an Initial Lump-Sum Benefit (ILSB) program. ILSB is available to members who have not participated in the DROP and who select the maximum benefit, option 2 benefit, option 3 benefit, or option 4 benefit. Thereafter, these members are ineligible to participate in the DROP. The ILSB program provides both a one-time, single sum payment of up to 36 months of the maximum regular monthly retirement benefit and a reduced monthly retirement benefit for life. Interest credited and payments from the ILSB account are made in accordance with Louisiana Revised Statutes 11:789(A)(1).

Deferred Retirement Option Plan (DROP)			
<i>For members who became eligible to participate before January 1, 2004</i>			
	2010	2009	% Increase Decrease
DROP			
Members entering DROP	3	0	300%
Disbursements	\$ 74,014,720	\$ 73,527,049	1%
DROP Reserves at June 30	\$ 697,744,364	\$ 771,589,193	(10%)
ILSB			
Members choosing ILSB	10	21	(52%)
Disbursements	\$ 2,003,136	\$ 2,482,875	(19%)
ILSB Reserves at June 30	\$ 6,251,393	\$ 7,048,297	(11%)

Deferred Retirement Option Plan (DROP)/Initial Lump-Sum Benefit (ILSB)			
<i>For members who became eligible to participate on or after January 1, 2004</i>			
	2010	2009	% Increase Decrease
DROP			
Members entering DROP	1,485	1,341	11%
Disbursements	\$ 67,882,285	\$ 52,252,055	30%
DROP Reserves at June 30	\$ 492,832,752	\$ 435,632,999	13%
ILSB			
Members choosing ILSB	56	60	(7%)
Disbursements	\$ 3,876,564	\$ 2,740,614	41%
ILSB Reserves at June 30	\$ 812,995	\$ 986,406	(18%)

DROP/ILSB Account Interest Rates		
Fiscal Year Ending June 30	Interest Rate	
	<i>For members who became eligible to participate before January 1, 2004</i>	<i>For members who became eligible to participate on or after January 1, 2004</i>
2004	9.35%	0.67%
2005	9.37%	1.48%
2006	15.15%	3.72%
2007	14.70%	4.88%
2008	4.65%	3.98%
2009	0%*	1.32%
2010	0%*	.01%

*An attorney general opinion in 2002 ruled that DROP/ILSB accounts could not be debited. If not for this ruling, DROP/ILSB account interest rates would have been reduced by -12.81% for 2009 and -1.39% for 2010.

Louisiana Revised Statute 11:945 established the Excess Benefit Plan as a separate, unfunded, nonqualified plan under the provisions set forth in Louisiana Revised Statutes 11:946, and also as a qualified governmental excess benefit arrangement as defined in Section 415(m)(3) of the United States Internal Revenue Code.

Effective July 1, 1999, an excess benefit participant who is receiving a benefit from this System is entitled to a monthly benefit under this plan in an amount equal to the lesser of either the participant's unrestricted benefit as defined in Louisiana Revised Statute 11:701, less the maximum benefit, or the amount by which the participant's monthly benefit from this System has been reduced by the limitations of Louisiana Revised Statute 11:784.1. A benefit payable under this plan is paid in the form and at the time it would have been paid as a monthly pension except for the limitations under Louisiana Revised Statute 11:784.1 and Section 415 of the United States Internal Revenue Code.

Contributions may not be accumulated under the Excess Benefit Plan to pay future retirement benefits. Instead, monthly contributions made by the employer are reduced by the amount necessary to pay that month's excess retirement benefits. Employer contributions made to fund the Excess Benefit Plan are not commingled with the monies of the pension plan or any other qualified plan. Also, the Excess Benefit Plan may never receive a transfer of assets from the pension plan.

Excess Benefit Plan			
	2010	2009	% Increase/Decrease
Number of Excess Benefit Recipients	44	42	5%
Total Benefits	\$829,021	\$746,946	11%

B. Summary of Significant Accounting Policies and Plan Asset Matters

1. Reporting Entity

TRSL (the "System") is a component unit of the State of Louisiana. A 16-member Board of Trustees (composed of 10 active members, two retired members, and four ex officio members) governs TRSL. The Board of Trustees appoints the director, who is the System's managing officer.

2. Basis of Accounting

TRSL's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred. Member and employer contributions are recognized when due, pursuant to formal commitments as well as statutory or contractual requirements. Purchases and sales of securities are reflected on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recorded as earned on the accrual basis. State General Fund appropriations for supplemental benefits are recognized when drawn from the State Treasury.

Administrative costs are funded through investment earnings and are subject to budgetary control by the Board of Trustees and the Joint Legislative Committee on the Budget. Benefits and refunds are recognized when due and payable in accordance with the terms of the System.

3. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions to and deductions from plan net assets during the reporting period. Actual results could differ from those estimates. The System utilizes various investment instruments, which by nature, are exposed to a variety of risk levels and risk types, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the Statements of Plan Net Assets.

4. Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Fair value is the market value on the last business day of the fiscal year. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange rate. Securities purchased pursuant to agreements to resell are carried at the contract price, exclusive of interest, at which the securities will be sold. Corporate bonds are valued based on yields currently available on comparable securities from issuers of similar credit ratings. Mortgage securities are valued on the basis of estimated future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value as determined by the custodian under the direction of trustees.

5. Property and Equipment

Land, building, equipment, and furniture are carried at historical cost. Depreciation for the building is computed using the straight-line method based upon a useful life of 40 years. Depreciation for office equipment and furniture with a purchase price of at least \$1,000 is computed using the straight-line method based upon a useful life of three to 10 years. Items with a purchase price of less than \$1,000 and more than \$250 are computed using straight-line method with a useful life of three years. Items with a purchase price of less than \$250 are expensed in the current year. TRSL and LASERS share a 50/50 joint ownership of the Louisiana Retirement Systems building, equipment, and related land.

Changes in Property and Equipment				
	June 30, 2009	Additions	Deletions	June 30, 2010
Asset Class (at Cost)				
Land	\$ 858,390	\$ 0	\$ 0	\$ 858,390
Building	5,526,827	13,583	0	5,540,410
Equipment, furniture, fixtures	<u>4,380,232</u>	<u>343,139</u>	<u>(153,392)</u>	<u>4,569,979</u>
Total Property and Equipment	<u>10,765,449</u>	<u>356,722</u>	<u>(153,392)</u>	<u>10,968,779</u>
Accumulated Depreciation				
Building	(2,693,172)	(139,255)	0	(2,832,427)
Equipment, furniture, fixtures	<u>(3,636,523)</u>	<u>(403,840)</u>	<u>153,392</u>	<u>(3,886,971)</u>
Total Accumulated Depreciation	<u>(6,329,695)</u>	<u>(543,095)</u>	<u>153,392</u>	<u>(6,719,398)</u>
Total Property and Equipment — Net	<u>\$ 4,435,754</u>	<u>\$ (186,373)</u>	<u>\$ 0</u>	<u>\$ 4,249,381</u>

Changes in Property and Equipment				
	June 30, 2008	Additions	Deletions	June 30, 2009
Asset Class (at Cost)				
Land	\$ 858,390	\$ 0	\$ 0	\$ 858,390
Building	5,476,157	50,670	0	5,526,827
Equipment, furniture, fixtures	<u>4,186,978</u>	<u>282,441</u>	<u>(89,187)</u>	<u>4,380,232</u>
Total Property and Equipment	<u>10,521,525</u>	<u>333,111</u>	<u>(89,187)</u>	<u>10,765,449</u>
Accumulated Depreciation				
Building	(2,554,905)	(138,267)	0	(2,693,172)
Equipment, furniture, fixtures	<u>(3,323,128)</u>	<u>(402,458)</u>	<u>89,063</u>	<u>(3,636,523)</u>
Total Accumulated Depreciation	<u>(5,878,033)</u>	<u>(540,725)</u>	<u>89,063</u>	<u>(6,329,695)</u>
Total Property and Equipment — Net	<u>\$ 4,643,492</u>	<u>\$ (207,614)</u>	<u>\$ (124)</u>	<u>\$ 4,435,754</u>

6. Budgetary Accounting

Self-generated revenues are budgeted for administrative expenses. State General Funds are appropriated for the purpose of paying supplementary benefits to retirees. The budgetary information for the years ended June 30, 2010 and 2009, includes the original Board of Trustees approved budget and appropriated State General Funds.

2010	State General Funds	Self-Generated Revenue	Total
Original approved budget and appropriations	\$ <u>2,088,862</u>	\$ <u>53,314,365</u>	\$ <u>55,403,227</u>
2009	State General Funds	Self-Generated Revenue	Total
Original approved budget and appropriations	\$ <u>2,087,019</u>	\$ <u>59,070,035</u>	\$ <u>61,157,054</u>

7. Accumulated Leave

The employees of the System accumulate annual and sick leave at varying rates as established by state regulations. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employees' current rate of pay. The liability for accrued annual leave of up to 300 hours is included in Other Liabilities. Upon retirement, unused annual leave in excess of 300 hours and sick leave may be converted to service credit subject to restrictions of the retirement system to which the employee belongs.

8. Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation. These reclassifications had no effect on net assets held in trust for pension benefits or the net increase in plan net assets.

C. Contributions

1. Member Contributions

Member contributions to the System, based on which plan the member is enrolled, are established by Louisiana Revised Statute 11:62, and rates are established by the Public Retirement Systems' Actuarial Committee. The following groups of employees contributed the percentage of their salaries as shown below for the years ended June 30, 2010 and 2009.

Plan	% Earned Compensation	
	2010	2009
TRSL Regular Plan	8.0%	8.0%
TRSL Plan A	9.1%	9.1%
TRSL Plan B	5.0%	5.0%

2. Employer Contributions

Employer contribution rates are established under Louisiana Revised Statutes 11:885 by the Public Retirement Systems' Actuarial Committee. Rates for the years ended June 30, 2010 and 2009, are as follows:

Plan	% Earned Compensation	
	2010	2009
TRSL Regular Plan	15.5%	15.5%
TRSL Plan A	15.5%	15.5%
TRSL Plan B	15.5%	15.5%

Employer contributions are collected from the employing agencies throughout the state and from the proceeds of taxes collected in the parishes and remitted by the sheriffs' offices of the respective parishes.

D. Teachers' Retirement System of Louisiana (TRSL) Employee Pension Benefit

1. Cost Sharing Multiple-Employer Defined Benefit Plan

The administration and staff at TRSL are required to participate in the pension plan if they are not already participating in the Louisiana State Employees' Retirement System (LASERS) pension plan or Louisiana School Employees' Retirement System (LSERS) pension plan. TRSL is a cost sharing, multiple-employer, defined benefit plan administered by TRSL. TRSL provides retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries.

TRSL was established and provided for within Title 11, Chapter 2 of the Louisiana Revised Statutes (LRS).

Funding Policy. Plan members participating in the TRSL regular plan are required to contribute 8.0 percent of their annual covered salary and TRSL is required to contribute at an actuarially determined rate. The TRSL rate for Fiscal Year 2010 is 15.5 percent. The contribution requirements of plan members and TRSL are established and may be amended by the TRSL Board of Trustees. The contributions paid by TRSL for its administration and staff to the pension plan for the years ending June 30, 2010, 2009, and 2008, were \$645,135, \$661,005, and \$597,221 respectively.

All full-time TRSL employees who do not participate in TRSL participate in LASERS or LSERS. LSERS is a cost sharing, multiple-employer, defined benefit plan administered by the Louisiana School Employees' Retirement System. LSERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. LSERS was established and provided for within Title 11, Chapter 3 of the Louisiana Revised Statutes (LRS). LSERS issues a financial analysis summary available to the public. The report can be obtained by writing to Louisiana School Employees' Retirement System, P.O. Box 44516, Baton Rouge, Louisiana 70804, or by calling 1-800-526-3718.

Funding Policy. Plan members participating in LSERS are required by state statute to contribute 7.50 percent of their gross salary and TRSL is required to contribute at an actuarially determined rate. The LSERS rate for the fiscal year 2010 is 17.6 percent. The contribution requirements of plan members and LSERS are established and may be amended by the LSERS Board of Trustees. The contributions paid by TRSL for its LSERS employees for the years ended June 30, 2010, 2009, and 2008, were \$11,955, \$11,654, and \$11,958 respectively.

2. Single Employer Defined Benefit Pension Plan

All full-time TRSL employees who do not participate in TRSL participate in LASERS or LSERS. LASERS is a single employer, defined benefit pension plan administered by the Louisiana State Employees' Retirement System. LASERS provides retirement, disability, and death benefits to plan members and beneficiaries.

Cost-of-living adjustments are provided to members and beneficiaries at the discretion of the Louisiana Legislature. LASERS was established and provided for within Title 11, Chapter 1 of the Louisiana Revised Statutes (LRS). LASERS issues a financial report that includes financial statements and required supplementary information. The report is available to the public, and can be obtained by writing to Louisiana State Employees' Retirement System, P.O. Box 44213, Baton Rouge, Louisiana 70904-4213, or by calling 1-800-256-3000.

Funding Policy. Plan members participating in LASERS are required by state statute to contribute 7.5 percent of their gross salary to the pension plan if hired before July 1, 2006, and 8.0 percent if hired on or after July 1, 2006. TRSL is required to contribute at an actuarially determined rate. The LASERS rate for Fiscal Year 2010 is 18.6 percent. The contribution requirements of plan members and LASERS are established and may be amended by the LASERS' Board of Trustees. The contributions paid by TRSL for its LASERS employees for the years ending June 30, 2010, 2009, and 2008, were \$832,805, \$806,628, and \$807,759, respectively.

Schedules for LASERS can be found on page 45.

Most Recent Accrual Methods and Assumptions for Louisiana State Employees' Retirement System (LASERS)			
Valuation Date	06/30/2009	06/30/2008	06/30/2007
Actuarial Cost Method	Projected unit credit	Projected unit credit	Projected unit credit
Amortization Method – Closed by Statute	For unfunded accrued liability prior to 1993 - level percentage of payroll, increasing annuity to 2029	For unfunded accrued liability prior to 1993 - level percentage of payroll, increasing annuity to 2029	For unfunded accrued liability prior to 1993 - level percentage of payroll, increasing annuity to 2029
	For unfunded accrued liability changes occurring between 1993-1998 - level dollar payment to 2029	For unfunded accrued liability changes occurring between 1993-1998 - level dollar payment to 2029	For unfunded accrued liability changes occurring between 1993-1998 - level dollar payment to 2029
	For unfunded accrued liability changes occurring 1999-2003: 4.5% increasing payment schedule over 30 years, from date of occurrence For unfunded accrued liability changes occurring 2004 or later: Level dollar payment over 30 years, from date of occurrence	For unfunded accrued liability changes occurring 1999 or later - level dollar payment over 30 years, from date of occurrence	For unfunded accrued liability changes occurring 1999 or later - level dollar payment over 30 years, from date of occurrence
Remaining Amortization Period	20-30 years dependent upon the amortization method as described above	21-30 years dependent upon the amortization method as described above	22-30 years dependent upon the amortization method as described above
Asset Valuation Method	Utilizes a four-year weighted average of the unrealized gain or loss in value of all assets at market	Utilizes a four-year weighted average of the unrealized gain or loss in value of all assets at market	Utilizes a four-year weighted average of the unrealized gain or loss in value of all assets at market
Actuarial Assumptions:			
Investment Rate of Return	8.25% per annum	8.25% per annum	8.25% per annum
Inflation Rate	3.0% per annum	3.0% per annum	3.0% per annum
Mortality	Mortality rates were projected based on the 1983 Sex Distinct Graduated Group Mortality Table with females set at attained age plus one.	Mortality rates were projected based on the 1983 Sex Distinct Graduated Group Mortality Table with females set at attained age plus one.	Mortality rates were projected based on the 1983 Sex Distinct Graduated Group Mortality Table with females set at attained age plus one.
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2003-2008) experience study of the System's members.	Termination, disability, and retirement assumptions were projected based on a five-year (1997-2001) experience study of the System's members.	Termination, disability, and retirement assumptions were projected based on a five-year (1997-2001) experience study of the System's members.
Salary Increases	Salary increases were projected based on a 2003-2008 experience study of the System's members. The salary increase range for regular employees is 4.3% - 14.0%. The salary increase range for specific types of members is Judges 3.0% - 5.5%, Corrections 4.0% - 15.0% and Wildlife 6.0% - 17.0%	Salary increases were projected based on a 1997-2001 experience study of the System's members. The salary increase range for regular employees is 4.25% - 14.0%. The salary increase range for specific types of members is Judges 2.5% - 4.7%, Corrections 4.0% - 14.0% and Wildlife 6.5% - 18.0%	Salary increases were projected based on a 1997-2001 experience study of the System's members. The salary increase range for regular employees is 4.25% - 14.0%. The salary increase range for specific types of members is Judges 2.5% - 4.7%, Corrections 4.0% - 14.0% and Wildlife 6.5% - 18.0%
Cost-of-Living Adjustments	Liability for raises already granted is included in the retiree reserve.	Liability for raises already granted is included in the retiree reserve.	Liability for raises already granted is included in the retiree reserve.

Most Recent Schedule of Employer Contributions for Louisiana State Employees' Retirement System (LASERS)

Date	Annual Required Contribution	Percentage Contributed
2006	\$ 423,502,813	93.1%
2007	434,796,738	97.0%
2008	456,741,202	115.4%
2009	492,402,961	102.8%

Analysis of the percentage contributed over a period of years will give a relative indication of the funding progress for the liabilities of the Louisiana State Employees' Retirement System.

Most Recent Schedule of Funding Progress for Louisiana State Employees' Retirement System (LASERS)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2006	\$ 7,430,784	\$ 11,548,860	\$ 4,117,896	64.3%	\$ 1,979,705	208.0%
2007	8,345,495	12,421,907	4,076,411	67.2%	2,175,367	187.4%
2008	9,167,170	13,562,214	4,395,044	67.6%	2,436,956	180.3%
2009	8,499,662	13,996,847	5,487,185	60.8%	2,562,578	214.10%

The total actuarial accrued liability determined using the Projected Unit Credit Cost method increased by \$1,424,633,787 from June 30, 2008, to June 30, 2009. There was a net experience loss of \$1,381,087,874. This assumption change results from the 2008 experience study that resulted in a decrease in a liability of \$221,451,744. (Dollars in above schedule are presented in thousands)

3. Defined Contribution Plan

Staff of TRSL who are members of the Optional Retirement Plan (ORP) before becoming employees of TRSL must remain participants in the ORP. The ORP is a defined contribution plan administered by TRSL. The ORP was created by Louisiana Revised Statute 11:921 and implemented on July 1, 1990. This plan was designed to provide certain academic and unclassified employees of public institutions of higher education an optional method of funding for their retirement. The ORP provides for portability of assets and full and immediate vesting of all contributions submitted on behalf of the participating employees to approved providers.

Funding Policy. Plan members are required to contribute 8.0 percent of their annual covered salary and TRSL is required to contribute 15.5 percent of the participating member's covered salary. A total of 7.9 percent of the employee's contribution and 5.76 percent (normal cost) of the employer contributions are transferred to the member's chosen ORP provider. The contributions paid by TRSL for participating TRSL employees for the years ending June 30, 2010, 2009, and 2008 were \$9,665, \$9,336, and \$8,654, respectively.

E. Deposits and Investment Risk Disclosures

1. Cash and Cash Equivalents

Cash and cash equivalents include cash deposited in banks and short-term repurchase agreements. Cash is insured by the Federal Deposit Insurance Corporation up to \$250,000 for interest bearing accounts, and the excess is collateralized by the pledge of government securities held by the agents in the entity's name.

2. Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the System's deposits may not be returned to them. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the pension trust fund will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either a counterparty or by the counterparty's trust department or agent but not in the government's name. Assets held by financial institutions in their capacity as trustee or custodian are not considered to be assets of that institution as a corporate entity for insolvency purposes. These assets are segregated from the corporate assets of the financial institution and are accounted for separately on the institution's general ledger. As a result of this segregation, assets held in a custodial capacity should not be affected if the custodial institution were placed into receivership by its regulators. Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risks because their existence is not evidenced by securities that exist in physical or book entry form. TRSL had no custodial credit risk as of June 30, 2010.

3. Investments

Louisiana Revised Statute 11:263 authorized the Board of Trustees to invest under the "Prudent-Man" Rule. The "Prudent-Man" Rule establishes a standard that a fiduciary shall exercise the judgment and care under the circumstances, then prevailing, which an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds considering probable safety of capital as well as probable income.

In accordance with Louisiana Revised Statutes 11:267, the System may invest up to 65 percent of its total assets in equities provided that the System invests an amount equal to at least 10 percent of total stock in equity indexing. The index portfolio(s) shall be invested in indices that seek either to replicate or to enhance a particular index. The index portfolio(s) may be invested in a variety of equity capitalization ranges and could be invested in either domestic or international equity.

The System has no investments of any single organization (other than those issued or guaranteed by the U.S. Government) that represents five percent or more of the System's net plan assets, nor does the System hold more than five percent of any corporation's stock. In addition, the Board of Trustees has adopted certain investment policies, objectives, rules and guidelines that are intended to protect the System's assets in real terms such that assets are preserved to provide benefits to participants and their beneficiaries; achieve investment returns sufficient to meet the actuarial assumption necessary to improve the future soundness of the System; and maximize the total rate of return on investments within prudent parameters of risk for a retirement system of similar size and type.

The Board of Trustees' desired investment objective is a long-term compound rate of return on the System's assets and is the greater of:

- a) 3.9% above the CPI-U seasonally adjusted, or
- b) the actuarial rate (currently 8.25%)

During Fiscal Year 2010, the System's investments (including investments bought, sold, and held during the year) appreciated in value by \$1,047,493,017 compared to depreciation of \$3,591,276,733 in 2009.

	2010	2009
Increase (decrease) in fair value of investments held at year end:	\$ 935,824,329	\$ (2,249,460,202)
Realized gains (losses) on investments including currency sold during the year:	<u>111,668,688</u>	<u>(1,341,816,531)</u>
Total	<u>\$ 1,047,493,017</u>	<u>\$ (3,591,276,733)</u>

The following table presents the fair value of investments by type at June 30, 2010 and 2009, respectively:

Investments-Type	2010 Fair Value	2009 Fair Value
Bonds		
Domestic not on securities loan	\$ 1,122,667,024	\$ 1,295,939,653
International not on securities loan	559,008,829	518,944,031
Common and preferred stocks		
Domestic not on securities loan	2,460,199,955	2,851,872,203
International not on securities loan	2,940,668,082	2,371,584,021
Investments held by broker-dealers under securities lending		
Bonds		
Domestic	196,849,346	126,347,152
International	10,840,018	107,123,203
Common Stocks		
Domestic	742,868,278	299,916,380
International	249,142,324	183,803,538
Domestic and international money market funds	685,503,304	671,060,956
International money market funds	26,938,873	276
Real estate investments	606,975,571	813,961,865
Mezzanine financing investments	338,325,042	300,699,853
Private equity investments	1,803,722,919	1,437,442,311
Derivatives - Domestic and international	(2,733,743)	0
Total	\$ 11,740,975,822	\$ 10,978,695,442

4. Credit Risks

The System expects the domestic and international securities investment managers to maintain diversified portfolios by sector and by issuer using the following guidelines:

- A. Investments in fixed income securities shall be high quality marketable securities meeting one or more of the following criteria for domestic managers:
1. All U.S. Treasury, federal agencies, and U.S. Government guaranteed obligations.
 2. Corporate bonds, debentures, notes, asset-backed securities, and equipment trust certificates rated Baa3 or BBB- or higher (investment grade) by Moody's or Standard & Poor's (includes split-rated bonds).
 3. Mortgage securities will be limited to pass-throughs, collateralized mortgage obligations, adjustable rate mortgages, commercial mortgage-backed securities, and other mortgage securities deemed prudent by the investment manager. The use of interest-only strips and principal-only strips may not exceed 10 percent of the portfolio.
 4. Municipal bonds rated Baa3 or BBB- or higher may not exceed 20 percent of the market value of the bond portfolio.
 5. Positions in any one issuer of corporate or municipal securities are not to exceed 5 percent of the market value of the bond portfolio, measured at the time of purchase.
 6. Holdings of individual issues are to be of sufficient size to accommodate easy liquidation.
 7. Private placements (including Rule 144As) may be held, provided that holdings do not exceed 25 percent of the market value of the bond portfolio. High-yield portfolios and Mezzanine Limited Partnerships are excluded from this restriction.
 8. Debt obligations of foreign governments, corporations, and supranationals issued outside of the U.S. (Eurobonds and non-U.S. dollar bonds) may be held by investment managers.
 9. High yield portfolios are to be invested in debt securities (including convertibles) rated from Ba1 to Caa (Moody's rating) or BB+ to CCC (Standard & Poor's rating) and in unrated securities determined to be of comparable quality by the manager. Unrated securities and securities rated Caa, CCC, or below shall not exceed 20 percent of the market value of the portfolio.

10. High yield portfolios are subject to the criteria in paragraphs (5) and (6) with bond rating modified according to paragraph (9).
11. Investment grade fixed income portfolios are to be invested in fixed income securities pursuant to paragraphs (1), (2), (3), (4), (5) and (6) above, except that all securities, at the time of purchase, shall be investment grade. If a security is downgraded below investment grade, the investment manager will work to seek the best resolution over time to such downgrade.
12. Investment grade fixed income portfolios shall not invest in mortgage-backed inverse floaters, interest-only, principal-only strips or highly volatile less liquid tranches.
13. Investment grade fixed income portfolios may invest in debt obligations of foreign governments, corporations, and supranationals issued in the United States and are dollar denominated (Yankee) securities. Aggregate weighting of these securities shall be limited to 10 percent of the market value of the portfolio.

B. Investments in fixed income securities shall be high quality marketable securities meeting one or more of the following criteria for global fixed income managers:

Items (1) through (6) of the fixed income guidelines for domestic managers will apply with the following additional guidelines:

1. The debt of countries, foreign and domestic agencies, foreign and domestic corporations, and supranational entities is acceptable for investment. The manager should consider the credit worthiness and the liquidity of a potential security before making an investment. The manager should also review whether the custodian has a subcustodian within a particular country before considering an investment.
2. Portfolio weightings in countries represented in the Citibank World Government Bond Index, including cash, may range from 0 to 100 percent of the portfolio.
3. Portfolio weightings in countries not represented in the Citibank World Government Bond Index, including cash, may not, in aggregate, exceed 40 percent of the portfolio market value without Board approval. However, practical consideration should be given to liquidity and marketability of issues, particularly within non-major and emerging markets.
4. Quality ratings for corporate debt shall be consistent with those stated in item (2) of the Fixed Income Guidelines for Domestic Managers.
5. Permitted hedge vehicles for currency exposure management are as follows:
 - a) Forward Foreign Exchange Contracts
 - b) Currency Futures Contracts
 - c) Options on Currency Futures Contracts
 - d) Options on Spot Currencies
6. Net short foreign currency positions may not be taken in this portfolio.

C. Investments in common stock securities, including ADRs, shall be high quality, readily marketable securities offering potential for above-average growth. Common stock investments are limited to those meeting all of the following criteria:

1. Stocks must be listed or traded on a national securities exchange, including the NASDAQ. ADR securities may be traded over the counter. U.S. stocks must be registered with the Securities and Exchange Commission. The use of derivatives (such as Exchange Traded Funds (ETFs), options, warrants, and futures to establish unleveraged long positions in equity markets) is permissible.
2. No more than 5 percent of the total outstanding shares of common stock for any one corporation may be held in the System's equity portfolio.
3. No more than 5 percent of the cost or market value of the System's equity portfolio (whichever is more) or 15 percent of the market value of each manager's portfolio may be invested in the common stock of any one corporation.
4. No more than 20 percent of stock valued at market of the System's equity portfolio may be held in any one industry category as defined by the custodian.
5. Convertible securities and covered-option writing, if any, shall be considered as part of the equity portfolio.
6. Equity managers (growth or value) hired for the small cap investment category are expected to maintain a weighted average market capitalization of the portfolio within minus 50 percent and plus 100 percent of the weighted average market capitalization of the Russell 2000 Index (growth or value, respectively).
7. Equity managers (growth or value) hired for the mid cap investment category are expected to maintain a weighted average market capitalization of the portfolio within plus or minus 50 percent of the weighted average market capitalization of the Russell Mid Cap Index (growth or value, respectively).
8. Equity managers hired in the small/mid (SMID) cap investment category are expected to maintain a weighted average market capitalization of the portfolios within plus or minus 50 percent of the weighted average market capitalization of the Russell 2500 Index.

D. Investments in common stock securities of Developed Markets (EAFE Countries and Canada) shall be high quality, readily marketable securities offering potential for above-average growth. Items (2), (4), and (5) of the Stock Guidelines for Domestic Managers will apply with the following additional guidelines:

1. Investment managers may invest up to 20 percent of the market value of the portfolio in the emerging market countries contained in the IFC Investable Index, including up to 5 percent (of the 20 percent limit) in emerging market countries not contained in the IFC Investable Index. Managers should consider liquidity and marketability of issues, particularly within non-major and emerging markets, and should also be sensitive to the weight of individual economic sectors of the market within the portfolio. The manager should also review whether the custodian has a subcustodian within a particular country before considering an investment.
2. Investment managers may invest up to 10 percent of the portfolio's market value in domestic equity securities. This flexibility should be viewed by the manager as an opportunistic or defensive mechanism rather than a normal position.
3. No single industry group shall constitute more than 25 percent of the portfolio's market value or its equivalent representation in the EAFE Index; whichever is more, without prior Board approval.
4. No individual security shall constitute more than 10 percent of the portfolio's market value.
5. Cash held by the manager may be in U.S. dollars or foreign currencies of the manager's choice.
6. Residual currency exposures of the underlying international equity portfolio may be actively managed by the investment manager. If actively managed, the objectives of the foreign exchange exposure management, within the international equity portfolio, are to:
 - a) Add value by increasing total returns and reducing volatility of returns through hedging and cross-hedging activities;
 - b) Avoid currency losses in periods of an appreciating U.S. dollar.
7. Permitted Equity Investments;
 - a) Equity managers are to confine investments to common stocks and securities that are directly convertible or exercisable into common stocks, including ADRs and GDRs;
 - b) Use of derivatives such as options, warrants, and futures to establish unleveraged long positions in equity markets is permissible;
 - c) Currency options contracts may be exchange traded or over-the-counter (OTC) traded in the interbank market. Additional instruments, such as swaps, or other derivatives, may be used if the risk/return trade-off is perceived by the manager to be suitable and competitive with the above-stated hedge vehicles;
 - d) International equity managers may invest up to 10 percent of the portfolio in Rule 144A securities.
8. Permitted hedge vehicles for currency exposure management are as follows:
 - a) Forward Foreign Exchange Contracts;
 - b) Currency Futures Contracts;
 - c) Options on Currency Futures Contracts;
 - d) Options on Spot Currencies
9. Net short foreign currency positions may not be taken in this portfolio.

E. Credit Risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. With regards to TRSL's investment in a overlay program, credit risk has not increased with the use of the overlay strategy because the overlay program uses exchange traded futures contracts.

The System's exposure to credit risk at June 30, 2010, was as follows:

<u>Moody's Rating</u>	<u>Total</u>	<u>Domestic</u>	<u>International</u>
A1	\$ 27,261,866	\$ 24,460,713	\$ 2,801,153
A2	63,402,991	33,684,393	29,718,598
A3	48,846,119	19,245,096	29,601,023
AA1	36,813,439	3,374,869	33,438,570
AA2	21,263,778	20,315,924	947,854
AA3	30,594,952	11,523,202	19,071,750
AAA	291,373,961	194,902,452	96,471,509
B1	28,654,189	27,875,125	779,064
B2	34,673,363	34,028,362	645,001
B3	32,970,474	32,970,474	0
BA1	10,307,735	4,586,305	5,721,430
BA2	6,607,103	6,607,103	0
BA3	28,721,330	14,509,239	14,212,091
BAA1	52,809,454	21,769,069	31,040,385
BAA2	47,373,280	39,595,223	7,778,057
BAA3	20,393,734	15,213,859	5,179,875
C	601	601	0
CA	1,090,328	1,090,328	0
CAA1	27,296,968	27,296,968	0
CAA2	17,074,379	17,074,379	0
CAA3	3,065,268	1,840,018	1,225,250
	915,899,972	754,827,321	161,072,651
NR	5,151,949	5,151,949	0
VMIG1	3,807,187	3,807,187	0
WR	133,910,797	3,766,211	130,144,586
Total credit risk debt securities	\$ 1,889,365,217	\$ 1,319,516,370	\$ 569,848,847

The System's exposure to credit risk at June 30, 2009, was as follows:

<u>Moody's Rating</u>	<u>Total</u>	<u>Domestic</u>	<u>International</u>
A1	\$ 33,187,597	\$ 18,027,194	\$ 15,160,403
A2	80,388,102	37,905,319	42,482,783
A3	43,583,858	19,744,536	23,839,322
AA1	47,952,566	2,614,483	45,338,083
AA2	93,014,365	20,564,326	72,450,039
AA3	13,115,971	11,797,412	1,318,559
AAA	320,110,745	31,996,242	288,114,503
AGY	530,876,833	530,876,833	0
B1	83,260,039	79,798,333	3,461,706
B2	44,714,365	44,714,365	0
B3	85,038,279	81,993,579	3,044,700
BA1	43,898,898	28,194,155	15,704,743
BA2	25,546,105	20,626,142	4,919,963
BA3	81,588,959	71,175,946	10,413,013
BAA1	62,564,913	30,020,301	32,544,612
BAA2	49,691,897	37,355,276	12,336,621
BAA3	36,215,891	35,404,549	811,342
C	600	600	0
CA	1,561,788	1,561,788	0
CAA1	57,957,650	57,957,650	0
CAA2	17,135,432	17,135,432	0
CAA3	11,584,394	10,560,894	1,023,500
N/A	60,997,576	33,635,185	27,362,391
NR	92,041,386	83,341,893	8,699,493
UST	110,040,221	110,040,221	0
VMIG3	1,764,000	1,764,000	0
WR	20,521,609	3,480,151	17,041,458
Total credit risk debt securities	\$ 2,048,354,039	\$ 1,422,286,805	\$ 626,067,234

5. Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment.

As of June 30, 2010, the System had the following investments and maturities:

Investment Maturities (in years)					
Investment Type	Fair Value	Less than 1	1 - 5	5 - 10	More than 10
U. S. Treasury & Government Agency	\$ 727,728,278	\$ 2,807,829	\$ 54,304,388	\$ 186,738,768	\$ 483,877,293
Collateralized Mortgage Obligations	194,845,245	0	187,933	12,592,786	182,064,526
Corporate Bonds	386,653,156	6,472,580	154,675,329	135,427,275	90,077,972
Foreign Corporate Bonds	108,030,598	1,079,473	67,770,671	15,788,515	23,391,939
Foreign Government Bonds	391,154,243	11,718,265	159,434,818	137,499,237	82,501,923
Foreign Treasuries	70,664,005	16,714,151	23,790,339	7,553,306	22,606,209
Other	<u>10,289,692</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,289,692</u>
Short-Term Investments	<u>712,442,177</u>	<u>712,442,177</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$ 2,601,807,394</u>	<u>\$ 751,234,475</u>	<u>\$ 460,163,478</u>	<u>\$ 495,599,887</u>	<u>\$ 894,809,554</u>

As of June 30, 2009, the System had the following investments and maturities:

Investment Maturities (in years)					
Investment Type	Fair Value	Less than 1	1 - 5	5 - 10	More than 10
U. S. Treasury & Government Agency	\$ 641,078,020	\$ 0	\$ 17,311,226	\$ 135,960,337	\$ 487,806,457
Collateralized Mortgage Obligations	311,987,111	1,822,118	558,816	8,573,423	301,032,754
Corporate Bonds	466,461,049	6,311,038	162,137,912	202,137,719	95,874,380
Foreign Corporate Bonds	122,993,383	1,564,703	75,479,610	20,418,657	25,530,413
Foreign Government Bonds	442,185,386	12,133,806	269,806,792	103,025,732	57,219,056
Foreign Treasuries	60,888,465	0	10,536,261	16,919,797	33,432,407
Other	<u>2,760,625</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,760,625</u>
Short-Term Investments	<u>671,061,232</u>	<u>671,061,232</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$ 2,719,415,271</u>	<u>\$ 692,892,897</u>	<u>\$ 535,830,617</u>	<u>\$ 487,035,665</u>	<u>\$ 1,003,656,092</u>

TRSL, as expressed in its Investment Policy Statement, expects its fixed income managers to approximate the portfolio's duration (a measure of a debt investment's exposure to fair value changes arising from changing interest rates) to its respective benchmarks, i.e. the Barclays Capital Aggregate for domestic fixed income investments and CITI World Government Bond Index for international fixed income investments.

6. Foreign Currency Risk

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Investment risk and foreign currency risk as measured by tracking error has been reduced by the use of the overlay program. Tracking error measures TRSL's actual return versus its target asset allocation benchmark return. TRSL's policy target allocation is established to meet TRSL's 8.25% actuarial return over the long term at the lowest risk. The System's exposure to foreign currency risk is \$2,789,716,180 at June 30, 2010, as follows:

Currency	Percent	Total	Bonds	Stocks	Short-Term Investments
AUSTRALIAN DOLLAR	5.76%	\$ 160,796,761	\$ 53,179,405	\$ 105,951,646	\$ 1,665,710
BRAZIL REAL	1.10%	30,814,841	14,895,567	15,720,016	199,258
BRITISH POUND STERLING	17.29%	482,213,345	51,351,618	422,828,430	8,033,297
CANADIAN DOLLAR	1.61%	45,035,761	21,312,291	23,656,373	67,097
CZECH KORUNA	0.00%		-----	-----	25,055
DANISH KRONE	1.64%	45,773,542	-----	44,403,224	1,370,318
EUROCURRENCY UNIT	32.00%	892,814,998	146,220,548	709,052,327	37,542,123
HONG KONG DOLLAR	6.12%	170,834,776	-----	166,005,009	4,829,767
HUNGARIAN FORINT	0.00%	36,481	-----	-----	36,481
INDONESIAN RUPIAH	0.54%	15,132,671	14,369,781	372,502	390,388
ISRAELI SHEKEL	0.17%	4,611,352	-----	4,560,516	50,836
JAPANESE YEN	15.77%	440,074,339	27,541,504	409,593,867	2,938,968
MALAYSIAN RINGGIT	0.98%	27,386,563	25,697,678	1,663,864	25,021
MEXICAN NEW PESO	1.05%	29,420,087	24,073,899	5,343,389	2,799
NEW TURKISH LIRA	0.42%	11,697,231	-----	11,583,407	113,824
NEW ZEALAND DOLLAR	0.81%	22,722,621	22,501,184	221,270	167
NORWEGIAN KRONE	0.75%	20,820,693	12,192,358	8,383,001	245,334
PAKISTAN RUPEE	0.01%	275,554	-----	261,267	14,287
PHILIPPINES PESO	0.01%	70,995	-----	70,995	-----
POLISH ZLOTY	1.65%	45,916,428	45,536,032	85,078	295,318
S AFRICAN COMM RAND	0.41%	11,394,587	5,193,162	5,774,845	426,580
SINGAPORE DOLLAR	1.22%	34,026,390	-----	33,764,442	261,948
SOUTH KOREAN WON	1.34%	37,266,090	18,756,774	18,423,869	85,447
SWEDISH KRONA	3.26%	91,039,135	15,948,261	74,527,330	563,544
SWISS FRANC	5.93%	165,369,784	-----	162,177,112	3,192,672
THAILAND BAHT	0.16%	4,146,100	-----	3,950,813	195,287
Total	100.00%	\$ 2,789,716,180	\$ 498,770,062	\$ 2,228,374,592	\$ 62,571,526

The System's exposure to foreign currency risk is \$2,280,402,625 at June 30, 2009, as follows:

Currency	Percent	Total	Bonds	Stocks	Short-Term Investments
Australian Dollar	5.40%	\$ 123,161,361	\$ 37,958,616	\$ 82,154,715	\$ 3,048,030
Brazil Real	1.25%	28,424,800	14,735,768	13,628,963	60,069
British Pound Sterling	16.40%	373,900,493	68,494,190	302,392,173	3,014,130
Canadian Dollar	1.33%	30,245,814	10,536,261	18,317,024	1,392,529
Czech Koruna	0.05%	1,244,883	-----	1,177,536	67,347
Danish Krone	1.32%	30,203,254	-----	29,883,043	320,211
Euro Currency Unit	37.80%	862,021,673	243,116,047	607,310,389	11,595,237
Hong Kong Dollar	4.77%	108,819,180	-----	108,642,390	176,790
Hungarian Forint	0.00%	111,032	-----	110,760	272
Indonesian Rupian	0.41%	9,248,120	9,050,526	197,124	470
Israeli Shekel	0.00%	4,679	-----	-----	4,679
Japanese Yen	15.62%	356,254,178	33,805,396	319,550,451	2,898,331
Malaysian Ringgit	0.89%	20,343,970	19,271,045	988,577	84,348
Mexican New Peso	0.87%	19,776,173	15,483,264	4,233,447	59,462
New Turkish Lira	0.27%	6,191,583	-----	6,179,216	12,367
New Zealand Dollar	0.70%	15,857,315	15,652,133	205,062	120
Norwegian Krone	0.41%	9,386,779	-----	9,231,525	155,254
Pakistan Rupee	0.01%	170,950	-----	147,287	23,663
Polish Zloty	1.29%	29,471,799	29,021,768	51,546	398,485
S African Comm Rand	0.77%	17,604,988	10,401,958	7,202,740	290
Singapore Dollar	0.85%	19,352,523	-----	19,352,254	269
South Korean Won	0.56%	12,829,164	-----	12,777,681	51,483
Swedish Krona	3.36%	76,653,634	17,149,242	58,820,953	683,439
Swiss Franc	5.56%	126,727,871	-----	123,373,093	3,354,778
Thailand Baht	0.11%	2,396,409	-----	2,302,160	94,249
Total	100.00%	\$ 2,280,402,625	\$ 524,676,214	\$ 1,728,230,109	\$ 27,496,302

7. Alternative Investments

The total initial active commitments as of June 30, 2010, were \$8.4 billion versus \$7.5 billion as of June 30, 2009. The total amounts called for funding as of June 30, 2010, were \$6.7 billion versus \$5.6 billion as of June 30, 2009. The remaining commitments that could be called as of June 30, 2010, were \$2.1 billion versus \$1.9 billion as of June 30, 2009. Total distributions received by the System from the limited partnerships were \$5.6 billion as of June 30, 2010, and \$5.0 billion as of June 30, 2009.

Teachers' Retirement System of Louisiana		
Private Market Assets		
Total	June 30, 2010	June 30, 2009
Active Commitments	\$8.4	\$7.5
Calls for Funding	\$6.7	\$5.6
Unfunded Commitments	\$2.1	\$1.9
Distributions	\$5.6	\$5.0

F. Securities Lending Transactions

State statutes and Board of Trustees policies permit the System to use the assets of the plan to enter into securities lending transactions—loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. The System's domestic managers lend the plan's securities for cash collateral of 100 percent or other securities collateral of 102 percent. The System's global managers lend the plan's securities for cash collateral or other securities collateral of 105 percent. Securities on loan at year-end for cash collateral are presented as uncategorized in the preceding schedule of custodial credit risk. Securities lent for securities collateral are classified according to the category for the collateral. At year-end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System.

All securities loans can be terminated on demand by either the System or the borrower. The System cannot pledge or sell securities collateral unless the borrower defaults. The reinvestment of cash collateral is done on an overnight basis or to term. In instances where a loan is for term, the reinvestment of the cash is matched to the maturity of the loan. Such matching existed at year-end. When investing in repurchase agreements, the collateral received will be a minimum of 102 percent of the cash invested.

Two names in the security holding, Lehman Brothers and Sigma Finance Corporation, defaulted in an aggregate amount of \$5,773,039 at December 31, 2008. Legal collection efforts continue with ultimate recovery amounts undetermined.

The following table presents the market values of securities on loan and the collateral held for the System at June 30, 2010 and 2009:

Security Type	Fair Value of Securities on Loan 2010	Fair Value of Collateral Held 2010	Fair Value of Securities on Loan 2009	Fair Value of Collateral Held 2009
U.S. Government & Agency	154,644,263	157,820,315	100,968,867	102,450,802
U.S. Fixed Income	38,084,171	39,029,032	25,378,285	25,991,654
U.S. Equity	724,207,407	742,868,278	299,916,380	308,889,565
International Fixed Income	10,396,530	10,840,018	107,123,203	111,024,957
International Equity	236,039,296	249,142,324	183,803,538	199,287,141
Total	1,163,371,667	1,199,699,967	717,190,273	747,644,119

G. Derivatives

For the fiscal year ending June 30, 2010, TRSL implemented GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments."

TRSL was invested in a futures based overlay program at June 30, 2010. TRSL's overlay strategy was implemented in March 2009 with the purchase of exchanged traded foreign equity futures and the sale of domestic fixed income futures. This program allowed TRSL to better align its actual allocation to the policy target allocation at a low cost. The program uses financial products to overlay selected assets of the underlying manager portfolio(s) which are managed by manager(s) chosen by TRSL to seek to bring about a more exact match with target allocations. The program maintains a target allocation. TRSL's asset class exposure is calculated and compared to targets. If actual exposures differ from targets by more than TRSL's predetermined tolerance level, the fund is synthetically rebalanced on an overlay basis using futures. Target allocations and variance bands are provided by TRSL. TRSL updated its policy target asset allocation in April 2008. The new allocation reduced domestic equity from 39% to 30% and increased foreign equity allocations from 20% to 29%. It also introduced debt related and real asset investments.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2010, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2010 financial statements are as follows:

	Changes in Fair Value		Fair Value at June 30, 2010		
	Classification	Amount	Classification	Amount	Notional
Governmental Activities:					
Investment derivatives:					
	Net App/Depr in Fair Value of		Alternative		
Futures Based Overlay Program	Domestic	\$ (2,733,743)	Investments	\$ (2,733,743)	\$ 153,510,952

TRSL was invested in the following derivatives throughout the year:

1. Interest-Only Strips and Principal-Only Strips

Interest-only (IO) and principal-only (PO) strips are transactions that involve the separation of the interest and principal components of a security. Interest-only strips are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments of mortgages, which may result from a decline in interest rates. For example, if interest rates decline and homeowners refinance mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced, and the value of these securities declines. Likewise, if homeowners pay on mortgages longer than anticipated, the cash flows are greater, and the return on the initial investment would be higher than anticipated.

Principal-only strips receive principal cash flows from the underlying mortgages. In periods of rising interest rates, homeowners tend to make fewer mortgage prepayments. If actual prepayment rates are lower than anticipated, the time remaining until the return of principal is increased. The later principal is paid, the lower the present value of the security. Conversely, higher prepayment rates return principal faster causing the PO to appreciate in market value.

2. Collateralized Mortgage Obligations

Collateralized mortgage obligations (CMOs) are bonds that are collateralized by mortgages, mortgage pass-through securities, or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with that CMO's established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates than others that can be significantly sensitive to interest rate fluctuations. In a declining interest rate environment, some CMOs may be subject to a reduction in interest payments as a result of prepayments of mortgages which make up the collateral pool. Reduction in interest payments causes a decline in cash flows and, thus, a decline in market value of the CMO security. Rising interest rates may cause an increase in interest payments, thus an increase in the value of the security.

3. Option on Futures

This is an option contract, the exercise of which results in the holder and writer of the option exchanging futures position. The buyer of a call or put option has unlimited profit potential with the risk limited to the premium paid for the option. The option seller accepts potentially unlimited risk in return for the option premium received. The option seller or buyer can terminate such exposure in a closing transaction. A position is offset by completing the opposite transaction with the same option. The option contracts may also be repurchased or closed by the System, at which time the asset or liability is removed, a realized gain or loss is recognized, and cash is paid on the amount repurchased or received on closing a contract.

4. Forward Foreign Exchange Contracts

A currency forward is a contractual agreement between two parties to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are not standardized and carry counterparty risk. Forwards are usually transacted over the counter. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuation. They are entered into with the foreign exchange department of a bank located in a major money market. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the System records the unrealized translation gain or loss.

5. Futures

A futures contract is an agreement for delayed delivery of securities, currency, commodities, or money market instruments in which the seller agrees to make delivery at a specified future date of a specified instrument, at a specific price or yield. Upon entering into a futures contract, the System is required to pledge to the broker an amount of cash equal to a certain percentage of the contract amount. The amount is known as the "initial margin." Subsequent payments, known as "variation margin," are made by the System each day, depending on the daily fluctuations in the value of the underlying security. Such variation margin is recorded as a realized gain or loss for financial statement purposes.

H. Contingent Liabilities

The System is a litigant in several lawsuits. Management of the System, on the advice of legal counsel, believes that such proceedings and contingencies will not have a material effect on the System.

I. Required Supplementary Information

In accordance with GASB 25, required supplementary information is presented on pages 60 through 62.

J. Presentation of GASB Statement 44

In accordance with GASB 44, the statistical section is presented on pages 102 through 117.

K. Presentation of GASB Statement 45

Other Post-Employment Benefits

Plan Description

The Office of Group Benefits (OGB) is an agent multiple-employer, post-employment healthcare plan that covers retired employees of the state, as well as school boards and various other non-state employers. OGB provides health and life insurance benefits to eligible retirees, their spouses, and their dependents. LRS 42:801-883 assigns the authority to establish and amend the benefit provisions of the plan to the state legislature. Additional information on the plan can be obtained by writing the Office of Group Benefits at 7389 Florida Boulevard, Suite 400, Baton Rouge, La. 70806 or by calling 1-800-272-8451.

Funding Policy. LRS 42:801-883 assigns the authority to establish and amend the benefit provisions of the plan to the state legislature. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly toward the cost of health insurance premiums.

The state is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current ARC rate is 374.49% of annual covered payroll.

Annual Other Post-Employment Benefits (OPEB) Cost

The following table shows the components of TRSL's annual OPEB cost for the year and the amount actually contributed to the plan during the year:

	2010	2009
Annual required contribution (ARC)	2,145,300	2,819,900
Interest on net OPEB obligation	191,700	183,100
Adjustment to ARC	(183,100)	(183,100)
Annual OPEB cost expense	2,153,900	2,819,900
Less contributions made	(340,566)	(317,852)
Increase in net OPEB obligation	1,813,334	2,502,048
Net OPEB obligation – beginning of year	4,787,426	2,285,378
Net OPEB obligation – end of year	6,600,760	4,787,426

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/08	\$ 2,587,900	11.69%	\$ 2,285,378
6/30/09	\$ 2,819,900	11.27%	\$ 4,787,426
6/30/10	\$ 2,153,900	12.089%	\$ 6,600,760

Funded Status and Funding Progress. The funding status of the plan as of June 30, 2010, was as follows:

Actuarial accrued liability <i>(in thousands)</i>	\$ 27,095.2
Actuarial value of plan assets <i>(in thousands)</i>	0
Unfunded actuarial accrued liability <i>(in thousands)</i>	\$ 27,095.2
Funded ratio (actuarial value of plan assets/AAL) <i>(in thousands)</i>	0
Covered payroll (active plan members) <i>(in thousands)</i>	\$ 7,235.3
UAAL as a percentage of covered payroll	374.49%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that will show whether the actuarial value of plan assets is increasing or decreasing over time relative to actuarial accrued liabilities for benefits. In future years, it will show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2009, actuarial valuation, a projected unit cost method was used. The benefits are currently funded on a pay-as-you-go basis. No assets have been segregated and restricted to provide post-retirements benefits. The actuarial assumptions included a 4.0% discount rate (net of expenses) and an annual healthcare cost trend rate of 8.5% for pre-Medicare and 9.6% for Medicare-eligible participants, scaling down to ultimate rates of 5% per year. The unfunded actuarial accrued liability is amortized as a level percent of pay over an open amortization period of 30 years.

REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Funding Progress for Defined Benefit Plan.....	61
Schedules of Employer Contributions for Defined Benefit Plan.....	61
Schedules of Funding Progress for Other Post-Employment Benefits (OPEB)	62

Schedules of Funding Progress for Defined Benefit Plan

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets ¹ (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) ² (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
06/30/04	\$ 11,409,404	\$ 18,067,486	\$ 6,658,082	63.1%	\$ 3,017,087	220.7%
06/30/05	12,082,682	18,699,765	6,617,083	64.6%	3,132,169	211.3%
06/30/06	13,088,358	19,390,781	6,302,423	67.5%	2,892,959	217.9%
06/30/07	14,812,298	20,772,330	5,960,032	71.3%	3,224,566	184.8%
06/30/08	15,507,834	22,090,516	6,582,683	70.2%	3,675,014	179.1%
06/30/09	13,500,766	22,839,411	9,338,645	59.1%	3,912,326	238.7%
06/30/10	12,868,484	23,674,842	10,806,358	54.4%	3,977,819	271.7%

The total actuarial accrued liability determined using the Projected Unit Credit cost method increased by \$835,431,224 from June 30, 2009, to June 30, 2010. There was a net experience loss to the fund from all sources of \$1,150,854,854.

¹The Actuarial Value of Assets for GASB reporting includes the IUAL Fund Assets and the Employer Credit Account Assets in the Valuation Assets.

² UAAL differs from the UFAL for funding purposes. UFAL for funding purposes excludes IUAL Fund Assets and the Employer Credit Account Assets.

UFAL — Unfunded Frozen Accrued Liability IUAL — Initial Unfunded Accrued Liability

Schedules of Employer Contributions for Defined Benefit Plan

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2004	\$ 527,899,270	94.4%
2005	555,169,630	105.6%
2006	555,342,400	103.1%
2007	578,895,501	106.5%
2008	637,097,695	116.2%
2009	697,190,561	106.4%
2010	904,382,657	83.5%

NOTE: Information on this page was provided by SJ Actuarial Associates.

Schedules of Funding Progress for Other Post-Employment Benefits (OPEB)

Actuarial Valuation Date	Actuarial Value of Assets (in thousands) (a)	Actuarial Accrued Liability (AAL) (in thousands) (b)	Unfunded AAL (UAAL) (in thousands) (b-a)	Funded Ratio (a/b)	Covered Payroll (in thousands) (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
06/30/08	\$ 0.0	\$ 22,585.2	\$ 22,585.2	0.00%	\$ 6,011.8	375.68%
06/30/09	0.0	30,158.8	30,158.8	0.00%	7,316.6	412.20%
06/30/10	0.0	27,095.2	27,095.2	0.00%	7,235.3	374.49%

SUPPORTING SCHEDULES

Schedules of Administrative Expenses – Budget and Actual	64
Schedules of Investment Expenses	65
Schedules of Board Compensation	66
Schedules of Payments to Non-Investment Related Consultants	67

Schedule of Administrative Expenses – Budget and Actual for the Years Ended June 30, 2010 and 2009						
	2010			2009		
	Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
Revenues:						
State general fund	\$ 2,088,862	\$ 2,067,057	\$ (21,805)	\$ 2,087,019	\$ 2,070,273	\$ (16,746)
Self-generated	53,314,365	44,838,569	(8,475,796)	59,070,035	44,136,275	(14,933,760)
Total revenues	55,403,227	46,905,626	(8,497,601)	61,157,054	46,206,548	(14,950,506)
Expenses:						
Salaries and related benefits	13,879,537	12,322,815	1,556,722	13,375,022	12,127,101	1,247,921
Travel	174,842	62,316	112,526	247,895	125,370	122,525
Operating services	3,295,615	2,953,201	342,414	3,374,044	2,788,531	585,513
Professional services	1,086,360	698,071	388,289	1,907,850	643,920	1,263,930
Office acquisitions	13,913	5,919	7,994	12,139	4,582	7,557
Other charges & interagency transfers	126,098	112,501	13,597	140,885	109,524	31,361
Total administrative expenses	18,576,365	16,154,823	2,421,542	19,057,835	15,799,028	3,258,807
Capital outlays	348,000	339,196	8,804	762,200	333,111	429,089
Total administrative expenses and capital outlays	18,924,365	16,494,019	2,430,346	19,820,035	16,132,139	3,687,896
Other charges-state general fund	2,088,862	2,084,584	4,278	2,087,019	2,070,273	16,746
Investment management fees	34,390,000	28,327,023	6,062,977	39,250,000	28,004,136	11,245,864
Grand total of expenses	55,403,227	46,905,626	8,497,601	61,157,054	46,206,548	14,950,506
Excess of revenues over grand total of expenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Schedules of Investment Expenses for the Years Ended June 30, 2010 and 2009		
	2010	2009
Investment activities expenses:		
International investment expenses	\$ 4,491,280	\$ 3,095,851
Alternative investment expenses*	30,548,101	30,910,869
Global custodian fees	468,022	446,588
Performance consultant fees	713,829	1,238,734
Advisor fees	27,145,172	26,318,814
Total investment activities expenses	63,366,404	62,010,856
Securities lending activities expenses:		
Fixed	1,206,030	3,031,970
Equity	(1,269,163)	2,565,874
International	(962,219)	3,199,017
Total securities lending activities expenses	\$ (1,025,352)	\$ 8,796,861

*Alternative investment expenses include management fees charged by the general partners.

Schedules of Board Compensation for the Years Ended June 30, 2010 and 2009				
	2010		2009	
BOARD OF TRUSTEES	NUMBER OF MEETINGS	AMOUNT	NUMBER OF MEETINGS	AMOUNT
Sheryl R. Abshire, Ph. D.	12	900	22	1,650
Anne H. Baker	22	1,650	23	1,725
William C. Baker, Ed.D.	24	1,800	23	1,725
Jerry J. Baudin, Ph.D.	24	1,800	21	1,575
Eula M. Beckwith	24	1,800	23	1,725
Dominic Salinas, Ed.D.	17	1,275	21	1,575
Carole J. White	16	1,200	17	1,275
Joyce P. Haynes	23	1,725	21	1,575
Darlene L. LeBlanc	22	1,650	20	1,500
Bonnie H. Brooks replaced by Kathy Hattaway	7	525	19	1,425
Kathy Hattaway replaced Bonnie H. Brooks	12	900		
William Britt	19	1,350	18	1,350
Irvin R. West, Jr. replaced by D'Shay Oaks	12	900	20	1,500
D'Shay Oaks replaced Irvin R. West, Jr.	12	900		
TOTAL COMPENSATION		<u>\$ 18,375</u>		<u>\$ 18,600</u>

Schedules of Payments to Non-Investment Related Consultants for the Years Ended June 30, 2010 and 2009			
		2010	2009
Accounting and Auditing		\$ 51,650	\$ 49,000
	Hawthorn, Waymouth & Carroll L.L.P.		
Management and Consulting		284,884	319,394
	Modiphy, Inc.		
	Broadridge ICS		
	Sign Language		
	VR Election Services		
	CEM Benchmarking, Inc.		
	Southwest Computer Bureau, Inc.		
	Mail Guard Transcontinental Printing G.P.		
	Sungard Availability Services		
	Bayou Internet		
	EFL Associates		
	SSA Consultants, L.L.C.		
	IBM Corporation		
	McLagan Management Consultants		
	Equifax		
	USA Consulting Inc		
	Scope Solutions Group Holding, Inc.		
	Other		
Legal		120,472	60,732
	Jones, Day, Reavis and Pogue		
	Law Offices of Randy P. Zinna		
	Avant & Falcon		
	Investigative Services		
	IDS Monitoring System		
	LA Department of Justice		
	Other		
Medical		66,150	38,340
	Examiners		
Actuary		<u>174,915</u>	<u>176,454</u>
	Hall Actuarial Associates		
	SJ Actuarial Associates		
Total		<u>\$ 698,071</u>	<u>\$ 643,920</u>

INVESTMENT SECTION

Report on Investment Activity	69
Summary of Investment Policy.....	70
Investment Summary	75
List of Largest Assets Held	76
Net Earnings on Investments	81
Investment Performance Measurements	82
Rates of Return	83
Summary Schedule of Commissions Paid to Brokers	84

Report on Investment Activity

September 27, 2010

Board of Trustees
Teachers' Retirement System of Louisiana
Post Office Box 94123
Baton Rouge, LA 70804-9123

Dear Board Members:

Amid a much improved financial environment in both the U.S. and abroad, the Teachers' Retirement System of Louisiana (System) earned a 12.1 percent return on investments (net of fees) for the fiscal year ended June 30, 2010. The total market value of the System's investments was \$11.74 billion on June 30, 2010.

As countries implemented stimulus packages and investors became less risk averse, global markets stabilized and began to show steady growth. Emerging markets led the recovery. Specifically, emerging market stocks and bonds earned 23.2 percent and 17.4 percent respectively, as measured by the MSCI Emerging Markets Free Index and JP Morgan Emerging Markets Bond Index.

U.S. stocks and bonds also fared well. The S&P 500 Index earned 14.4 percent and the Barclays Capital Aggregate Bond Index earned 9.5 percent. U.S. equities performed better than developed international equities due in part to an appreciating U.S. currency. The MSCI EAFE Index, which measures developed international equities, earned 5.9 percent.

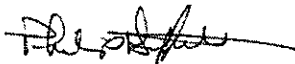
The System's best performing asset classes were both private market investments. Private equity and debt related investments earned 22.41 percent and 17.07 percent, respectively.

In the public market, the System's investments beat the benchmark, earning 12.44 percent and 10.25 percent, respectively. The outperformance was mainly attributed to both an overweight and active management of the System's fixed income investments. The System's fixed income investments earned 12.56 percent while the passive benchmark only returned 6.25 percent.

Long-term, the System's investment returns continue to outperform peer returns. The System ranks in the top (best) 43 percent of public pension funds with assets greater than \$1 billion for the 20-year period, according to BNY Mellon Financial Universe (PARis).

Actions by the System's Board of Trustees during the fiscal year were directed fully toward maintaining an appropriate diversification of System assets and positioning the portfolio to maximize returns and reduce risk—all of which are fundamental objectives of the System's investment program.

Sincerely,



Philip M. Griffith
Chief Investment Officer

Summary of Investment Policy

STATEMENT OF INVESTMENT OBJECTIVES

Introduction

The purpose of the investment policy for Teachers' Retirement System of Louisiana (System) is to establish and communicate the long-term goals and objectives of the System to investment managers and other interested parties. The policy also formalizes the responsibilities and guidelines for investment managers and defines the performance measurement and evaluation process.

The Board of Trustees (Board) is responsible for investing System assets in a prudent manner to preserve the safety of the principal, yet provide reasonable returns, and in general, avoid speculative investments.

The Board adheres to the Prudent-Man Rule, which means that a fiduciary shall exercise the judgment and care that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it.

The Board's policies provide for the use of all suitable and prudent avenues of investment authorized under the Louisiana statutes to maintain a high quality, diversified portfolio of investments. The Board shall retain investment managers who possess the requisite skills and specialized research expertise to assist with this. This policy serves, in part, as investment instructions to the managers.

LOUISIANA CODE OF GOVERNMENTAL ETHICS

The System requires all investment managers, brokers, limited partnerships, and service vendors to adhere to the Louisiana Code of Governmental Ethics (Code). This Code will be included in all Solicitation for Proposals (SFP) and will be referenced in all contracts executed by the System. Detailed information on the Code, including other provisions may be obtained by contacting the Louisiana Ethics Commission at 1-800-842-6630 or by going to their web site:

www.ethics.state.la.us/pub/gifts.htm

STATEMENT OF SYSTEM OBJECTIVES

Financial objectives of the System have been established in conjunction with a comprehensive review of its current and projected financial requirements. The Board's investment objectives are to:

1. Protect System assets to provide benefits to participants and their beneficiaries.
2. Achieve investment returns sufficient to meet the actuarial assumption necessary to improve the future soundness of the System.
3. Maximize the total rate of return on investments within prudent parameters of risk for a retirement system of similar size and type.

While there can be no complete assurance that these objectives will be realized, the System investment policy is believed to provide a sound basis to successfully achieve them.

The desired investment objective is a long-term compound rate of return on the System's assets of 3.9% above the CPI-U seasonally adjusted or the actuarial rate (currently 8.25%), which ever is higher.

ASSET ALLOCATION GUIDELINES

The asset allocation ranges established by the investment policy represent a long-term perspective. As such, rapid unanticipated market shifts may cause the asset mix to fall outside the policy range. Any divergence from this allocation should be of a short-term nature. It shall be the policy of the System to invest the assets in accordance with the minimum and maximum range for each asset category as stated below:

<u>Asset Category</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Domestic Stock***			
Large Cap	5%	15%	25%
Small/MidCap	5%	15%	25%
International Stock	10%	29%	40%
Total Stock*	20%	59%	65%
U.S. Bonds	4%	6%	10%
Global Bonds	3%	6%	9%
Total Fixed Income	7%	12%	19%
Debt Related	0%	8%	12%
Core/Opportunistic Real Assets	0%	9%	13%
Private Equity	5%	10%	15%
Hedge Funds - Multi-Strategy	0%	1%	3%
Options/Derivatives	0%	0%	0%
Total Alternative (Illiquid)**	9%	28%	43%
Cash and Equivalents	0%	1%	5%
Total	n/a	100%	n/a

*A 10% allocation to indexed equities is mandated by the Legislature (L.R.S. 11:267). This legislation also sets the maximum allocation to equity at 65%.

** To determine the asset allocation for this asset category, only the actual amount invested, is applicable. However, in no case shall total alternative investments exceed the maximum allowed at the time the investment is made without Board approval.

Note: This asset allocation was adopted March 1, 2005. It is anticipated that it will take 18 to 24 months to implement the new policy. In the interim, we may be temporarily outside our policy ranges.

It is expected that all assets of the System will be managed in accordance with the Louisiana Revised Statutes. It is the policy of the Board, provided all investment factors are equal and within the limits of prudence, that investments in Louisiana securities are encouraged.

Rebalancing

TRSL's Chief Investment Officer will review the asset allocation monthly to determine if each asset class is within the range established by Board policy. Any out-of-range condition and rebalancing recommendation will be reported to the Board at the Board Investment Committee meeting. The Chief Investment Officer will consider market conditions and transaction costs, as well as any other relevant factors, when determining the most cost-effective process to rebalance the portfolio. The Chief Investment Officer will direct staff and investment managers to transfer funds to rebalance the asset allocation, as necessary.

INVESTMENT GUIDELINES

Eligible Investments

The System will invest primarily in limited partnership interests of pooled vehicles covering the broad spectrum of private investments, including:

- Private equity funds, including corporate finance/buyout and venture capital,
- Private debt funds, including mezzanine and distressed debt funds,
- Co-investments – direct investments made alongside a partnership,
- Secondary purchases – purchases of existing partnership interest or pool of partnership interests from an investor,
- Real estate equity funds, including value-add/opportunistic,
- Hedge Funds – Multi-Strategy, and
- Other investments that are deemed appropriate within the System's risk profile.

Commitment Size

The maximum investment in any single partnership shall be no greater than one percent (1%) of the System's total assets at the time of commitment.

Limitation on Percent of Partnership's Total Commitment

The System's commitment to any given partnership shall not exceed ten percent (10%) of that partnership's total commitments with the exception of the policy for investments in venture capital, emerging businesses, and money managers in Louisiana.

Diversification

The System should diversify the sources of risk in the portfolio, specifically partnerships and sub-asset classes. The System's staff and Consultant will also adopt optimal sub-asset allocation targets, which will be periodically updated to reflect general changes in the economy.

Prohibited Transactions

The System shall not make direct investments in any company or property. These investments will be done through a commingled partnership in which the System is an existing limited partner.

Advisory Board

The System should seek to obtain a limited partner advisory board seat for each partnership investment.

Illiquidity

By its nature, alternative investments are not designed to meet any short-term liquidity needs of the System. The Board should assume that the investments in this asset class are illiquid until the partnerships, at their discretion, sell investments and distribute proceeds.

Distribution

The Consultant is not responsible for investing or disposing of distributions from partnerships.

Review of Investment Guidelines

The Consultant will notify the System via the Chief Investment Officer and Director if the Guidelines would impede the System's investment performance. The Consultant also will review the guidelines annually with the Chief Investment Officer and Director and recommend any changes deemed beneficial to the System's program.

LOUISIANA VENTURE CAPITAL, EMERGING BUSINESSES, AND MONEY MANAGERS

As required by Act 788 of 2003, the Board has approved the establishment of a program for investing in venture capital, emerging businesses, and money managers focused on Louisiana (the "Program"). The Program is intended to enhance economic development in Louisiana by stimulating job creation and capital formation through investments in Louisiana businesses, as well as result in a market rate of return for the System. These potential investments should have several provisions that differ from the System's current private equity program.

In selecting investments for the Program, the Board will seek attractive business opportunities that are expected to result in the greatest increase in employment and economic growth in the state of Louisiana. In addition to these goals, the Program is intended to produce significant capital gains for the System and additional diversification of the plan's assets. The Board will seek to accomplish these goals by investing in private equity partnerships that invest in Louisiana companies and by co-investing with these partnerships or other qualified investors directly in Louisiana companies. The

Program should include companies suffering a so-called capital gap, which means they cannot get conventional sources of funding.

The Board recognizes that portfolio risk may be higher and diversification may be lower in the Program when compared to TRSL's other investments, due to the relatively small size of the Louisiana economy and the industry concentrations within the state. Nevertheless, the returns earned on Program investments are expected to exceed public market returns and to equal or exceed returns on similar investments that are available outside of the Program.

CONTROL PROCEDURES

Review of Liabilities

All major liability assumptions regarding number of plan participants, payroll, benefit levels, and actuarial assumptions will be subject to an annual review. This review will focus on an analysis of the major differences between the System's assumptions and actual experience.

Review of Investment Objectives

The achievement of investment objectives will be reviewed on an annual basis. This review will focus on the continued feasibility of achieving the investment objectives and the appropriateness of the investment policy for achieving these objectives. It is not expected that the investment policy will change frequently. In particular, short-term changes in the financial markets should not require an adjustment to the investment policy.

Performance Expectations

The most important performance expectation is the achievement of investment results that are consistent with the System's investment policy. A long-term average annual return of 3.9% above inflation as measured by the CPI-U seasonally adjusted or the actuarial rate (currently 8.25%), which ever is higher is reasonable in light of the policy. Implementation of the policy will be directed toward achieving this return and not toward maximizing return without regard to risk.

The Board recognizes that this real-return objective may not be meaningful during some periods. To ensure that investment opportunities available over a specific period are fairly evaluated, the Board will use comparative performance statistics to evaluate investment results. The Board expects the total fund to perform in the top third of a universe of total funds having similar size and investment policies. To stay abreast of what other state and local plans are achieving, the System's performance will also be compared to the results of other public plans. Each manager is expected to perform in the top half of his or her respective equity manager or fixed income manager universe and in the top quartile of his or her investment manager style universe.

Additionally, each manager will be compared/evaluated versus their specific style benchmarks. This performance should be achieved over rolling three-year periods or over the length of each manager's contract, whichever comes first. Short-term results will also be monitored. For purposes of this evaluation, the universes maintained by the System's consultant, will be used.

The System's investment managers may be placed on a watch list in response to the Board's concern about the manager's recent or long-term investment results; failure of the investment advisor to comply with any of the System's investment guidelines; significant changes in the investment manager's firm; or for any other reason that the Board deems appropriate. Any manager placed on the watch list will be sent a letter advising of the Board's concern with the manager. Failure to correct the problem to the satisfaction of the Board may lead to dismissal by the Board. However, investment managers can be dismissed for any reason, subject to contract provisions, even if they have not been previously placed on the watch list.

RESPONSIBILITIES

Chief Investment Officer

This position administers the investment program of the System, is responsible for all functions of the System's Investment Department, and oversees all System investments and investment managers. Other duties include:

- Meets with the Investment Committee/Board to review investments and policies;
- Monitors existing limited partnerships and reviews/recommends future investments;
- Monitors investment portfolios to ensure they are within the Board's Investment;
- Researches new investment vehicles and presents viable investments to the Board for possible inclusion to the investment policy;
- Ensures investment policy is implemented;
- Implements asset allocation shifts to maintain portfolio allocations within policy guidelines;

- Directs the activities of the System's consultants for the best interest of the System and to leverage the activities of staff;
- Makes recommendations concerning the hiring/terminating of investment manager/advisors;
- Represents TRSL at limited partnership meetings and Advisory Committee meetings;
- Assists the Director with legislative issues; and
- Takes action necessary to preserve and protect the assets and interests of TRSL (during exigent circumstances, after consultation with and the concurrence of the Director, Chair of the Investment Committee and/or Chair of the Board)

Responsibilities and Review of Investment Consultant

The Investment Consultants shall assist the Board, the Director and the Chief Investment Officer in developing and modifying policy objectives and guidelines, including the development of an asset allocation strategy and recommendations on the appropriate mix of investment manager styles and strategies. The Consultants shall act as fiduciaries to the Fund.

Additionally, the Consultants shall provide assistance in manager searches and selection, investment performance evaluation, and any other relevant analysis. The Consultants shall provide timely information, written and/or oral, on investment strategies, instruments, managers and other related issues, as requested by the Board, the Director, or the Chief Investment Officer.

All consultants will be evaluated on an annual basis.

Responsibilities and Review of Investment Managers

The Board will require each investment manager to report monthly in a manner agreed upon by the Board, staff, consultant, and manager.

The Board will meet at least annually, and preferably more frequently, with its investment managers and consultants. Additionally, with or without the investment managers, the Board will review investment results at least quarterly. These reviews will focus on:

- manager adherence to the policy guidelines;
- comparison of manager results versus appropriate financial indices;
- comparison of manager results using similar policies (in terms of commitment to equity, style, diversification, volatility, etc.);
- opportunities available in both equity and debt markets; and
- material changes in the manager organizations, such as investment philosophy, personnel changes, acquisitions, or losses of major accounts, etc.

The managers will be responsible for advising the Board of any material change in personnel, investment strategy, or other pertinent information potentially affecting performance.

Responsibilities and Review of Custodian Bank

The custodian bank is responsible for performing the following functions, among others designated by contract:

- safekeeping of securities;
- process and settlement of all investment manager transactions;
- accept instructions from designated System staff concerning the movement or disbursement of cash and securities;
- collection of interest, dividends, proceeds from maturing securities, and other distributions due the System;
- sweep of idle cash balances daily into interest bearing accounts;
- advise investment staff daily of changes in cash equivalent balances;
- notify investment managers of tenders, rights, fractional shares or other dispositions of holdings;
- notify appropriate entities of proxies;
- provide holdings and performance reports as required by the System; and
- handle third-party securities lending and related functions.

The Custodian Bank will be evaluated on an annual basis.

Investment Summary as of June 30, 2010 and 2009				
	June 30, 2010		June 30, 2009	
	Fair Value	% Total Fair Value	Fair Value	% Total Fair Value
Domestic bonds:				
U.S. Treasury & Government Agency securities	\$ 727,728,278	6.198%	\$ 953,065,131	8.681%
Corporate bonds	386,653,156	3.293%	466,461,049	4.249%
Miscellaneous bonds	<u>205,134,936</u>	1.747%	<u>2,760,625</u>	0.025%
Total domestic bonds	<u>1,319,516,370</u>	11.238%	<u>1,422,286,805</u>	12.955%
International bonds	<u>569,848,847</u>	4.854%	<u>626,067,234</u>	5.703%
Domestic stocks:				
Common	3,202,024,277	27.272%	3,150,967,585	28.701%
Preferred	<u>1,043,956</u>	0.009%	<u>820,998</u>	0.007%
Total domestic stocks	<u>3,203,068,233</u>	27.281%	<u>3,151,788,583</u>	28.708%
International stocks*				
Common	3,158,011,836	26.897%	2,514,226,271	22.901%
Preferred	<u>31,798,570</u>	0.271%	<u>41,161,288</u>	0.375%
Total international stocks	<u>3,189,810,406</u>	27.168%	<u>2,555,387,559</u>	23.276%
Domestic and international short-term investments	<u>712,442,177</u>	6.068%	<u>671,061,232</u>	6.112%
Alternative investments:				
Private equity investments	1,836,846,296	15.645%	1,420,321,729	12.937%
Real estate investments	580,276,386	4.942%	833,655,310	7.593%
Mezzanine financing instruments	331,900,850	2.827%	298,126,990	2.716%
Derivatives - Domestic and international	(2,733,743)	(0.023)%	0	0.00%
Total alternative investments	<u>2,746,289,789</u>	23.391%	<u>2,552,104,029</u>	23.246%
Total Investments	<u>\$ 11,740,975,822</u>	100.000%	<u>\$ 10,978,695,442</u>	100.000%
*The fair value of the equity index portfolios at June 30, 2010, was \$1,123,307,540 which represents 17.33% of total equity which has a market value of \$6,483,511,241.				

List of Largest Assets Held

LARGEST ALTERNATIVE INVESTMENT HOLDINGS (BY FAIR VALUE)	
Description	Fair Value
PRIVATE EQUITY INVESTMENTS	
DOUGHTY HANSON & CO III, LP	\$ 110,944,264
DLJ MERCHANT BANKING PARTNERS III, LP	100,156,253
WARBURG PINCUS PRIVATE EQUITY IX, LP	79,332,312
HICKS, MUSE, TATE & FURST EQUITY FUND V, LP	71,745,656
FIRST RESERVE FUND XI	65,632,000
LINDSAY, GOLDBERG & BESSEMER II	65,368,909
WARBURG PINCUS INTERNATIONAL PARTNERS, LP	62,707,588
KKR 2006 FUND	59,019,471
APOLLO INVESTMENT FUND V LP	54,151,337
HORSLEY BRIDGE VII, LP	47,406,846
REAL ESTATE INVESTMENT TRUST	
BLACKSTONE REAL ESTATE PARTNERS V, LP	\$ 46,644,144
BLACKSTONE REAL ESTATE PARTNERS VI, LP	40,404,046
CARLYLE REALTY PARTNERS V	40,168,962
STARWOOD GLOBAL OPPORTUNITY FUND VII	31,755,817
ROCKPOINT REAL ESTATE FUND II, L.P.	25,043,349
ROCKPOINT REAL ESTATE FUND III, L.P.	21,308,154
STARWOOD GLOBAL OPPORTUNITY FUND VI	18,587,129
STERLING AMERICA PROPERTY V	17,353,803
ING REALTY PARTNERS II, L.P.	17,282,919
STARWOOD GLOBAL OPPORTUNITY FUND VIII	16,901,725
A complete list of portfolio holdings is available upon request.	

List of Largest Assets Held (cont'd)

LARGEST ALTERNATIVE INVESTMENT HOLDINGS (BY FAIR VALUE)	
Description	Fair Value
Mezzanine Financial Investments	
TCW/CRESCENT MEZZANINE PARTNERS IV	\$ 68,504,277
TCW/CRESCENT MEZZANINE PARTNERS V	40,755,187
FALCON MEZZANINE PARTNERS II, L.P.	36,590,980
LEVINE LEIGHTMAN DEEP VALUE FUND, L.P.	36,257,961
1818 MEZZANINE FUND L.P.	35,767,097
PRUDENTIAL CAPITAL PARTNERS, L.P.	35,673,238
TCW/CRESCENT MEZZANINE PARTNERS III	18,373,147
AUDAX MEZZANINE FUND L.P.	18,332,610
PENINSULA FUND III	14,431,730
GLEACHER MEZZANINE FUND II L.P.	14,304,288
INTERNATIONAL PRIVATE EQUITY INVESTMENTS	
DOUGHTY HANSON & CO III, L.P.	\$ 82,715,873
WARBURG PINCUS INTERNATIONAL PARTNERS, L.P.	67,788,263
3I EUROPARTNERS V LP	35,205,477
CVC EURO EQUITY V	24,981,604
APOLLO EUROPEAN PRINCIPAL FINANCE FUND	22,377,053
ICG RECOVERY FUND 2008, L.P.	12,394,306
BRIDGEPOINT EUROPE FUND IV, L.P.	10,856,868
COMPASS PARTNERS EUROPEAN EQUITY FUND, L.P.	7,510,222
SECOND CINVEN FUND US, L.P.	3,554,306
REAL ESTATE INVESTMENT TRUSTS	
PRUDENTIAL REAL ESTATE INVESTORS	\$ 142,434,829
JP MORGAN REAL ESTATE	138,420,605
A complete list of portfolio holdings is available upon request.	

List of Largest Assets Held (cont'd)

US TREASURY & GOVERNMENT AGENCY SECURITIES				
Security Description	Coupon Rate	Maturity Rate	Bonds	Fair Value
U S TREASURY BOND	4.50%	05/15/2038	\$ 27,875,000.0000	\$ 30,750,028.34
FNMA GTD REMIC P/T 07-74 A	5%	04/25/2034	16,763,192.1000	17,516,027.06
FHLMC MULTICLASS MTG	4%	09/15/2018	16,367,205.0000	17,425,181.13
U S TREAS BD STRIP PRIN PMT	0%	02/15/2015	15,000,000.0000	13,839,899.85
U S TREASURY BOND	8.875%	02/15/2019	9,350,000.0000	13,778,252.75
FNMA GTD REMIC P/T	4.5%	11/25/2030	12,322,485.0000	13,207,609.10
FNMA POOL #0745418	5.5%	04/25/2036	12,269,180.9900	13,141,927.59
US TREAS-CPI INFLAT	2%	01/15/2016	11,683,042.5800	12,612,194.96
FNMA POOL #0888209	5.5%	05/25/2036	11,163,086.8000	11,957,153.33
US TREAS-CPI INFLAT	.625%	04/15/2013	11,706,049.5000	11,956,676.02

LARGEST INTERNATIONAL BOND HOLDINGS (BY FAIR VALUE)					
Country Name	Security Description	Coupon Rate	Maturity Rate	Bonds	Fair Value
GERMANY	GERMANY (FED REP) BDS EUR0.01	4.50%	01/04/2013	\$ 29,838,000	\$ 39,954,893
UNITED KINGDOM	BARCLAYS BANK PLC 144A	0.00%	10/30/2013	25,000,000	22,330,000
AUSTRALIA	NEW SOUTH WALES TREASURY CORP	5.50%	03/01/2017	23,410,000	19,898,896
SOUTH KOREA	KOREA (REPUBLIC OF)	5.75%	09/10/2018	21,417,100,000	18,488,165
BELGIUM	BELGIUM (KINGDOM OF) BDS	4.25%	09/28/2013	13,230,000	17,531,841
POLAND	POLAND (REPUBLIC OF)	5.25%	10/25/2017	56,365,000	16,272,422
UNITED KINGDOM	TREASURY STK	5.00%	09/07/2014	9,260,000	15,599,060
UNITED KINGDOM	TREASURY STK GBP1	4.25%	03/07/2036	8,680,000	13,138,086
CANADA	GOVERNMENT OF CANADA	6.00%	06/01/2011	13,245,000	13,029,132
ITALY	ITALY BUONI POLIENNALI DEL	4.50%	02/01/2020	9,810,000	12,450,176

LARGEST DOMESTIC COMMON STOCK HOLDINGS (BY FAIR VALUE)		
Description	Shares	Fair Value
EXXON MOBIL CORP	896,854	\$ 51,183,450
INTERNATIONAL BUSINESS MACHINE T	299,570	36,990,904
BANK OF AMERICA CORP	2,530,084	36,357,307
JPMORGAN CHASE & CO	897,008	32,839,463
CHEVRON CORP	468,450	31,789,017
MICROSOFT CORP	1,358,074	31,249,283
AT&T INC	1,248,716	30,206,440
WAL-MART STORES INC	627,962	30,186,133
JOHNSON & JOHNSON	497,276	29,369,121
MCDONALD'S CORP	442,446	29,145,235
A complete list of portfolio holdings is available upon request.		

List of Largest Assets Held (cont'd)

LARGEST INTERNATIONAL COMMON STOCK HOLDINGS (BY FAIR VALUE)			
Country	Description	Shares	Fair Value
LUXEMBOURG	DFA INTL SMALL CO PORTFOLIO	14,675,547	\$ 194,304,248
UNITED KINGDOM	TESCO ORD 5P	6,040,898	34,348,111
CAYMAN ISLANDS	BAIDU INC/CHINA	482,151	32,824,840
NETHERLANDS	ASML HLDG NV EUR0.09	1,111,364	31,126,348
SPAIN	BANCO SANTANDER SA EUR0.50	2,639,069	28,252,896
SWITZERLAND	NESTLE SA CHF0.1 (REGD)	548,265	26,540,022
GERMANY	BAYER AG ORD NPV	461,304	25,992,358
UNITED KINGDOM	BRITISH AMERICAN TOBACCO ORD	756,834	24,191,576
FRANCE	BNP PARIBAS EUR2	432,928	23,741,240
GERMANY	MUENCHENER RUECKVERSICHERUNGS	180,399	22,837,325

LARGEST DOMESTIC PREFERRED STOCK HOLDINGS (BY FAIR VALUE)		
Description	Shares	Fair Value
ZURICH REG CAPS FDG TR V TR	854	\$ 693,074
DEUTSCHE BK CONTINGENT CAP TR	17,000	350,880

LARGEST INTERNATIONAL PREFERRED STOCK HOLDINGS (BY FAIR VALUE)			
Country	Description	Shares	Fair Value
BRAZIL	PETROLEO BRASILEIRO SA	823,175	\$ 24,530,615
GERMANY	PORSCHE AUTOMOBIL HOLDING SE	100,590	4,348,792
BRAZIL	VALE SA	60,300	1,267,506
SOUTH KOREA	SAMSUNG ELECTRONICS CO PFD	2,900	1,245,944
NETHERLANDS	AEGON N V PERP CAP SECS FLTG	11,824	206,802
GERMANY	VOLKSWAGEN AG NON VTG PREF NPV	825	73,143
GERMANY	HENKEL AG & CO KGAA NON VTG	1,430	70,239
GERMANY	FRESENIUS SE NON VTG PRF NPV	307	20,400
GERMANY	RWE AG (NEW) NON VTG PRF NPV	308	18,662
GERMANY	PROSIEBENSATI MEDIA AG NPV	573	8,563
A complete list of portfolio holdings is available upon request.			

List of Largest Assets Held (cont'd)

LARGEST DOMESTIC CORPORATE BONDS				
Security Description	Coupon Rate	Maturity Rate	Bonds	Fair Value
AMER EXPRESS CREDIT CO	5.125%	08/25/2014	\$ 8,825,000	\$ 9,481,582
TIME WARNER CABLE INC	7.300%	07/01/2038	5,793,000	6,797,550
KRAFT FOODS INC BD	7.000%	08/11/2037	5,057,000	5,909,988
UNITEDHEALTH GROUP INC NT	6.625%	11/15/2037	4,752,000	5,140,166
CITIGROUP INC	6.375%	08/12/2014	4,570,000	4,862,627
CISCO SYS INC SR NT	5.900%	02/15/2039	4,345,000	4,752,213
WAL-MART STORES INC	6.500%	08/15/2037	3,885,000	4,736,732
FIFTH THIRD BANCORP SUB NT	8.250%	03/01/2038	3,885,000	4,314,278
ORACLE CORP NT	6.500%	04/15/2038	3,164,000	3,838,317
GLAXOSMITHKLINE CAPITAL INC	6.375%	05/15/2038	2,980,000	3,540,607
A complete list of portfolio holdings is available upon request.				

Net Earnings on Investments for the Years Ended June 30, 2010 and 2009

	2010		2009	
Earnings on investments:				
Net appreciation (depreciation) in domestic investments:				
Bonds	\$ 154,377,184		\$ (38,572,774)	
Short-term investments	2,574,218		(2,573,645)	
Common and preferred stocks	330,321,768		(521,043,371)	
Alternative investments	<u>207,557,737</u>	\$ 694,830,907	<u>(892,299,024)</u>	\$ (1,454,488,814)
Net appreciation (depreciation) in international investments:				
Bonds	(9,828,837)		(23,126,029)	
Common and preferred stocks	254,634,102		(769,088,380)	
Futures and Options	(7,101,290)			
Alternative investments	<u>3,289,447</u>	240,993,422	<u>(2,756,979)</u>	(794,971,388)
Domestic interest income:				
Bonds	87,084,167		120,625,387	
Short-term investments	<u>1,401,389</u>	88,485,556	<u>7,273,450</u>	127,898,837
International interest income:				
Bonds	30,626,308		32,782,658	
Short-term investments	<u>13,683</u>	30,639,991	<u>166,865</u>	32,949,523
Domestic common and preferred dividends		58,019,267		72,833,729
International common and preferred dividends		77,539,701		78,873,116
Securities lending income:				
Fixed	603,088		2,721,803	
Equity	2,238,409		7,740,244	
International	<u>1,937,582</u>	4,779,079	<u>7,223,026</u>	17,685,073
Gain (loss) on sale of domestic securities, net:				
Bonds	(30,147,755)		(148,833,911)	
Common and preferred stocks	119,820,164		(824,456,399)	
Alternative investments	73,938,685		78,023,141	
Short-term investments	<u>0</u>	163,611,094	<u>1,962</u>	(895,265,207)
Gain on sale of international securities, net:				
Bonds	9,980,023		9,684,748	
Short-term investments	776		729,818	
Common and preferred stocks	(73,258,654)		(451,193,546)	
Alternative investments	<u>41,028,388</u>	(22,249,467)	<u>39,109,817</u>	(401,669,163)
Gain (loss) on international exchange transactions, net		11,339,375		(5,776,270)
Miscellaneous domestic income		88,306		7,772
Commission rebate income		<u>6,118</u>		<u>482,025</u>
Gross earnings (loss)		<u>1,348,083,349</u>		<u>(3,221,440,767)</u>
Charges against earnings:				
Securities lending expenses:				
Fixed	182,029		1,430,513	
Agents	1,024,001		1,601,457	
Equity	(1,269,163)		2,565,874	
International	<u>(962,219)</u>	(1,025,352)	<u>3,199,017</u>	8,796,861
International tax expense		4,750,823		3,095,851
Alternative investments expense		30,288,558		30,910,869
Custodian fees		468,022		446,588
Performance consultant fees		713,829		1,238,734
Advisors fees		<u>27,145,172</u>		<u>26,318,814</u>
Total charges		<u>62,341,052</u>		<u>70,807,717</u>
Net income (loss) on investments		<u>\$ 1,285,742,297</u>		<u>\$ (3,292,248,484)</u>

INVESTMENT PERFORMANCE MEASUREMENTS¹ - YEAR ENDED JUNE 30, 2010

	<u>Rate of Return</u>	<u>Rank</u> ²
Comparative Rates of Return on Total Fund		
Teachers' Retirement System of Louisiana	12.6%	63
<u>Comparison Indices:</u>		
Median Return for Public Funds Greater than \$1.0 billion	13.5%	50
Comparative Rates of Return on Domestic Equities		
Teachers' Retirement System of Louisiana	16.5%	50
<u>Comparison Indices:</u>		
Median Return for US Equities of Public Funds Greater than \$1.0 billion	16.5%	50
Standard and Poor's 500 Index	14.4%	79
Comparative Rates of Return on Domestic Bonds		
Teachers' Retirement System of Louisiana	15.6%	28
<u>Comparison Indices:</u>		
Median Return for US Fixed Income of Public Funds Greater than \$1.0 billion	13.8%	50
Barclays Capital Aggregate Bond Index	9.5%	93
Comparative Rates of Return on International Equities		
Teachers' Retirement System of Louisiana	10.2%	76
<u>Comparison Indices:</u>		
Median Return for Non-US Equity of Public Funds Greater than \$1.0 billion	11.9%	50
MSCI EAFE Index	6.4%	94
Comparative Rates of Return on Global Bonds		
Teachers' Retirement System of Louisiana	9.5%	N/A
<u>Comparison Indices:</u>		
Median Return for Global Bonds of Public Funds Greater than \$1.0 billion ³	N/A	N/A
Citigroup World Government Bond Index	3.0%	N/A
Comparative Rates of Return on Private Assets		
Teachers' Retirement System of Louisiana	12.3%	N/A
<u>Comparison Indices:</u>		
Median Return for Private Assets ⁴	N/A	N/A
Private Asset Index	16.76%	N/A
Total Fund performance is compared to Public Funds greater than \$1.0 billion in assets as follows:		
	<u>Rate of Return</u> ¹	<u>Rank</u>
One-year period ended June 30, 2010	12.6%	63
Seven-year period ended June 30, 2010	5.9%	34
Ten-year period ended June 30, 2010	3.1%	63
Fifteen-year period ended June 30, 2010	6.9%	49
Twenty-year period ended June 30, 2010	7.9%	43

¹ Investment return calculations were prepared with time-weighted return methodology using market values and cash flows gross of fees.

² The BNY Mellon Financial Universe (PARis) consists of public funds with assets greater than \$1.0 billion.

³ BNY Mellon Financial does not provide a universe for global bonds.

⁴ BNY Mellon Financial does not provide a universe for private assets.

RATES OF RETURN¹

	ANNUAL YEARS ENDING JUNE 30					ANNUALIZED	
	2010	2009	2008	2007	2006	3 YRS.	5 YRS
TOTAL FUND							
Teachers' Retirement System of Louisiana	12.6%	(22.3%)	(4.8%)	19.7%	14.3%	(5.9%)	2.6%
Median Large Fund Returns ²	13.5%	(18.0%)	(4.3%)	18.0%	11.2%	(3.5%)	3.0%
Inflation (CPI Index)	1.1%	(1.4%)	5.0%	2.7%	4.3%	1.5%	2.3%
DOMESTIC EQUITIES							
Teachers' Retirement System of Louisiana	16.5%	(28.0%)	(12.1%)	15.8%	9.5%	(9.7%)	(1.3%)
Median Return for US Equity Segment ²	16.5%	(27.0%)	(12.7%)	20.0%	11.6%	(9.3%)	(0.2%)
Standard & Poor's 500 Index	14.4%	(26.2%)	(13.1%)	20.6%	8.6%	(9.8%)	(0.8%)
DOMESTIC BONDS							
Teachers' Retirement System of Louisiana	15.6%	(5.1%)	4.2%	7.8%	1.8%	4.6%	3.9%
Median Bond Return for US Bonds Segment ²	13.8%	3.4%	5.5%	6.5%	0.5%	7.2%	5.5%
Barclays Capital Aggregate Index	9.5%	6.1%	7.1%	6.1%	(0.8%)	7.5%	5.5%
INTERNATIONAL EQUITIES							
Teachers' Retirement System of Louisiana	10.2%	(31.5%)	(11.0%)	30.2%	27.7%	(12.4%)	2.3%
Median Return for Non-US Equity Segment ²	11.9%	(30.7%)	(8.1%)	30.6%	27.6%	(10.3%)	3.4%
MSCI EAFE Index	6.4%	(31.4%)	(10.6%)	27.0%	26.6%	(12.9%)	1.4%
GLOBAL BONDS							
Teachers' Retirement System of Louisiana	9.5%	1.7%	13.7%	4.8%	0.6%	8.1%	5.9%
Median Return for Non-US Fixed Segment ³	N/A	N/A	N/A	7.9%	0.6%	N/A	N/A
Citigroup World Government Bond Index	3.0%	4.0%	17.0%	2.9%	(0.4%)	7.8%	5.1%
ALTERNATIVE INVESTMENTS							
Teachers' Retirement System of Louisiana	12.3%	(21.1%)	5.5%	35.6%	32.3%	(2.2%)	10.9%
Median Return for Alternative Segment ⁴	N/A	N/A	N/A	N/A	N/A	N/A	N/A
S & P 500 Index Plus 4%	18.4%	(22.2%)	(9.1%)	24.4%	12.6%	(5.7%)	3.2%

¹ Investment return calculations were prepared with time-weighted return methodology using market values and cash flows gross of fees.

² The BNY Mellon Financial Universe (PARis) consists of public funds with assets greater than \$1.0 billion.

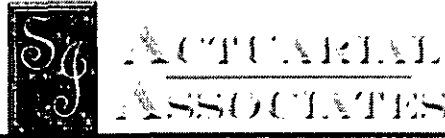
³ BNY Mellon Financial does not provide a universe for global bonds.

⁴ BNY Mellon Financial does not provide a universe for private assets.

Summary of Schedule of Commissions Paid to Brokers for the Year Ended June 30, 2010	Commission Dollar Amount
Domestic Commissions	
Domestic Equity	
Louisiana Incorporated Brokers	\$ 786,562
Cullen Investment Group	
Doley Securities (Minority)	
Dorsey & Company, Inc.	
FBT Investments	
Francis Financial (Minority)	
Johnson Rice	
Sisk Investments	
Sisung Securities	
Non-Louisiana Incorporated Minority Brokers	142,273
GRW	
Jackson Partners	
Magna Securities	
Pacific American	
Williams Capital	
All Other Brokers	4,724,498
Total Domestic Equity	5,653,333
Other Domestic Commissions	5,229
Total Domestic Commissions	5,658,562
International Commissions	
Total International Commissions	2,761,146
Total Domestic and International Commissions	8,419,708

ACTUARIAL SECTION

Actuary's Certification Letter	86
Summary of Assumptions	89
Actuarial Valuation Balance Sheet.....	93
Summary of Unfunded Actuarial Liabilities/Salary Test.....	94
Summary of Actuarial and Unfunded Actuarial Liabilities	94
Reconciliation of Unfunded Actuarial Liabilities	95
Amortization of Unfunded Actuarial Accrued Liability	96
Membership Data	97
Historical Membership Data	98
Principle Provisions of the Plan.....	99



Shelley R. Johnson
M.A.A.A., A.S.A., F.C.A.
P.O. Box 1157
Prairieville, LA 70769-1157
(225) 272-7339

October 4, 2010

Board of Directors
Teachers' Retirement System of Louisiana
Post Office Box 94123
Baton Rouge, Louisiana 70804-9123

Ladies and Gentlemen:

Pursuant to your request, I have completed the annual valuation of the Teachers' Retirement System of Louisiana as of June 30, 2010. The valuation was prepared on the basis of the data submitted by the Retirement System, the actuarial assumptions adopted by the Board of Trustees, and reflects the benefits in effect on the valuation date.

The funding objective of the Retirement System was established by Constitutional Amendment Number 3 during the 1987 Legislative Session and requires the following:

- a) Fully fund all current normal costs determined in accordance with the prescribed statutory funding method; and
- b) Liquidate the unfunded liability as of June 30, 1988 over a forty year period with subsequent changes in unfunded liabilities amortized over period(s) specified by statute.

The results of the current valuation indicate that the employer contribution rate payable for the fiscal year commencing July 1, 2010 is 22.8% of payroll. When compared to the 20.2% projected rate for this period, as set by the Public Retirement Systems' Actuarial Committee, the current rate reflects an increase resulting primarily from investment losses relative to the actuarially assumed rate of return. The current contribution rate, together with the contributions payable by the members, is sufficient to achieve the funding objective set forth above.

The methodology for determining the actuarial value of assets approved by the Board of Trustees is consistent with the prior plan year. The current method values all assets on a basis which reflects a four-year moving weighted average of the relationship between market value and cost value. The objective of this asset valuation method is to smooth the volatility which might otherwise occur due to market conditions on the measurement date. The actuarial value of assets for the fiscal year ending June 30, 2010 was \$12,868,591,177. The Actuarial Value of Assets, when adjusted for the side-fund assets for the Louisiana State University Agriculture and Extension Service Supplement of \$107,621, yields assets for funding purposes of \$12,868,483,556.

Board of Trustees
TRSL
October 4, 2010

In performing the June 30, 2010 valuation, I have relied upon the employee data and financial information provided by the administrative staff of the Teachers' Retirement System of Louisiana. Regarding participant data, each record was edited for reasonableness and consistency, although the validity of the information was not compared to source documents or compared with data for the same participant utilized in prior valuations. Regarding plan assets, a general review for consistency and balance testing with information furnished for the prior year's valuation was performed.

The present values shown in the June 30, 2010, actuarial valuation and supporting statistical schedules of this certification, which comprises all the schedules of the Actuarial Section in the annual Financial Statement, have been prepared in accordance with the actuarial methods specified in Louisiana Revised Statutes Title II Section 22(13) and assumptions which are appropriate for the purposes of this valuation.

The following supporting schedules were prepared by me for the Comprehensive Annual Financial Report:

Actuarial Section

- Summary of Actuarial Assumptions
- Actuarial Valuation Balance Sheet
- Summary of Unfunded Actuarial Liabilities
- Summary of Actuarial and Unfunded Actuarial Liabilities
- Reconciliation of Unfunded Actuarial Liabilities
- Amortization of Unfunded Actuarial Accrued Liability
- Membership Data
- Principle Provisions of the Plan

Financial Section

- Schedule of Funding Progress
- Schedule of Employer Contributions

The funding method prescribed is the Projected Unit Credit Cost Method. The actuarial assumptions and methods used for funding purposes comply and are within the parameters set forth by the Government Accounting Standards Board (GASB) Statement No. 25. The same actuarial assumptions and methods were employed in the development of the Trend Data Schedule, the Schedule of Funding Progress and the Schedule of Employer Contributions which were prepared for the Financial Section of this report. The System is required to conduct an experience study every five years. This valuation is based upon assumptions adopted by the Board of Trustees following the most recent study, which covers the five year observation period of 2002-2007.

SJ Actuarial Associates

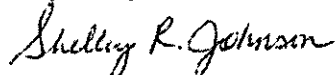
Board of Trustees

TRSL

October 4, 2010

I certify to the best of my knowledge, the methods and assumptions comply with generally recognized and accepted actuarial principals and practices set forth by the American Academy of Actuaries, are reasonable in the aggregate and when applied in combination represents my best estimate of the funding requirement to achieve the Retirement System's Funding Objective.

Respectfully submitted,



Shelley R. Johnson, FCA, MAAA, ASA
Consulting Actuary

SUMMARY OF ASSUMPTIONS

The following assumptions were adopted by the Board of Trustees of The Teachers' Retirement System of Louisiana (TRSL) based on the 2002-2007 actuarial experience study in effect as of June 30, 2008.

1. General Actuarial Method

Actuarial Funding Method (Projected Unit Credit): The unfunded accrued liability on June 30, 1988 is amortized over a forty year period commencing in 1989. The amortization payment reflects a 4% increase for the first five years, reducing by 0.5% at the end of each quinquennial period. Changes in unfunded accrued liabilities occurring after June 30, 1988 are amortized as a level dollar amount as follows:

	Act 81 Effective 6/30/88	As Amended Act 257 Effective 6/30/92
Experience Gains/Losses	15 years	Later of 2029 or 15 years
Actuarial Assumptions	30 years	Later of 2029 or 30 years
Actuarial Methods	30 years	Later of 2029 or 30 years
Benefit Changes	Determined by enabling statute	

Act 257 of 1992 further amended the amortization schedule to reflect a 4.5% payment increase over the remaining amortization period.

Act 588 of 2004 re-amortized changes in liabilities occurring from 1993 through 2000 as a level dollar payment to 2029. Amortization periods for changes in liabilities beginning with 2001 through 2003 were extended to a thirty-year period from the date of occurrence. Amortization periods for changes in liabilities beginning with 2004 are extended to a thirty-year period from the date of occurrence, paid as a level dollar amount.

Act 484 of 2007 and resulting Constitutional Amendment requires increases in UAL due to altered benefit provisions by legislative enactment to be amortized over a ten year period with level payments.

Act 497 of 2009 consolidates the outstanding balance of all amortization schedules established on or before July 1, 2008, into two amortization schedules, the Original Amortization Base (OAB) and the Experience Account Amortization Base (EAAB). The consolidation is effective July 1, 2010. The outstanding balance of the OAB will be credited with funds from the Initial UAL fund, excluding the subaccount of this fund, and the Employer Credit Account. The OAB will be paid off in plan year 2028/2029. The EAAB will be credited with funds from the Initial UAL subaccount, which were transferred from the Employee Experience Account on June 30, 2009. The EAAB will be paid off in plan year 2039/2040. The payment schedule for each of these bases will increase each plan year as follows:

Plan Year	Original Amortization Base	Experience Account Amortization Base
2011/2012 – 2013/2014	7.0%	7%
2014/2015 – 2017/2018	6.5%	6.5%
2018/2019 +	2.0%	Level Payments

SUMMARY OF ASSUMPTIONS
(Continued)

Employer contribution requirements for normal costs and amortization of the unfunded accrued liabilities are determined as a projected percentage of payroll. Discrepancy between dollars generated by percentage of payroll versus the required dollar amount are treated as a short-fall credit/debit and applied to the following year's contribution requirement. The five year level amortization payment of the debit/credit is applied to the following year's contribution requirement.

Act 497 changes the amortization of contribution variance credits. Beginning with plan year 2009-2010 through plan year 2039-2040, any overpayment will be credited to the EAAB. The EAAB will then be re-amortized according to the new payment schedule.

Asset Valuation Method: Assets are valued on a basis which reflects a four year moving weighted average value between market value and cost value. This value is subject to Corridor Limits of 80% to 120% of the Market Value of Assets. Prior to July 1, 1997, fixed income securities were valued at amortized cost.

Valuation Data: The administrative staff of TRSL furnishes the actuary with demographic data relating to the active life membership and retired life members. Retired life members included inactive members who are entitled to a deferred reciprocal or vested benefit. The book value and market value of system assets are provided by the administrative staff of TRSL. All data is reviewed for reasonableness and consistency from year to year, but is not audited by the actuary.

II. Economic Assumptions

Actuarially Assumed Rate of Return: 8.25% per annum, compounded annually, as prescribed by the Public Retirement Systems' Actuarial Committee.

Employee Salary Increases: Incorporated within the salary scales (shown for periodic durations, but representing full range of assumptions) is an explicit 3.0% inflation assumption. The following salary scale is based upon years of service:

Duration (Years)	Teachers	School Lunch A	School Lunch B	University
1	5.50%	6.50%	6.50%	5.50%
5	6.20%	6.60%	6.60%	5.40%
10	6.00%	4.50%	5.50%	5.20%
15	5.10%	4.50%	5.00%	5.00%
20	5.10%	5.20%	5.00%	4.80%
25	4.80%	4.50%	4.30%	4.50%
30	4.80%	5.00%	4.30%	4.50%

The active member population is assumed to remain constant.

SUMMARY OF ASSUMPTIONS
(Continued)

III. Decrement Assumptions

Mortality Assumption: pre-retirement deaths and post-retirement life expectancies are projected in accordance with the experience of the RP-2000 mortality table.

Disability Assumption: Rates of total and permanent disability were projected by age in accordance with the 2002-2007 disability experience of the Retirement System. Rates were projected separately for School Lunch and University Employees. Mortality rates after disability are based on the RP-2000 table for disabled lives.

Age	Teachers	School Lunch A	School Lunch B	University
25	0.01%	0.00%	0.00%	0.01%
30	0.01%	0.00%	0.00%	0.01%
35	0.06%	0.01%	0.00%	0.01%
40	0.11%	0.01%	0.03%	0.10%
45	0.18%	1.00%	0.30%	0.10%
50	0.22%	1.50%	1.50%	0.10%
55	0.40%	3.00%	2.55%	0.10%

Termination Assumption: Voluntary withdrawal rates are derived from the 2002-2007 termination experience study.

Age	Teachers	School Lunch A	School Lunch B	University
25	13%	0%	20%	10%
30	13%	2%	7%	12%
35	9%	2%	7%	10%
40	6%	2%	6%	7%
45	4%	2%	4%	5%
50	3%	2%	3%	2%

Furthermore, for members terminating with ten (10) or more years of service, it is assumed that 80% will not withdraw their accumulated employee contributions.

SUMMARY OF ASSUMPTIONS
(Continued)

Retirement/DROP Assumptions: Retirement rates were projected based upon the 2002-2007 experience study. Rates illustrated below are retirement rates and the probability of DROP participation, respectively.

Age (Years)	Teachers		School Lunch A		School Lunch B		University	
	Retirement	DROP	Retirement	DROP	Retirement	DROP	Retirement	DROP
50	2.8%	3%	1%	2%	0%	0%	4%	0%
51	3%	15%	1%	2%	0%	0%	3%	3%
52	3.5%	50%	1%	2%	0%	0%	5%	7%
53	5%	40%	3%	2%	0%	0%	5%	12%
54	7.5%	40%	3%	2%	0%	30%	9%	12%
55	20%	60%	15%	50%	35%	50%	18%	55%
56	23%	15%	15%	20%	33%	45%	18%	10%
57	25%	7%	15%	20%	30%	15%	18%	10%
58	36.5%	7%	25%	20%	30%	15%	28%	7%
59	28%	7%	25%	20%	30%	15%	21%	7%
60	28%	15%	35%	55%	30%	15%	28%	7%
61	28%	3%	35%	20%	30%	3%	21%	2%
62	28%	1%	35%	10%	30%	1%	21%	1%
63	33%	1%	50%	2%	45%	1%	21%	1%
64	33%	1%	50%	2%	45%	1%	21%	1%
65	33%	1%	40%	2%	30%	1%	28%	1%
66	40%	0%	40%	2%	25%	1%	28%	1%
67	34%	0%	35%	2%	25%	1%	28%	1%
68	34%	0%	25%	2%	25%	1%	28%	1%
69	34%	0%	20%	2%	25%	1%	20%	1%
70	34%	0%	20%	2%	50%	1%	20%	1%

ACTUARIAL VALUATION BALANCE SHEET
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Present Assets Creditable To:		
Members' Savings Account	\$ 2,340,677,474	\$ 2,227,549,922
Annuity Reserve Account	10,527,806,082	10,976,560,892
Total Present Assets	12,868,483,556	13,204,110,814
 Present Value Of Prospective Contributions Payable To:		
Members' Savings Account	2,528,866,134	2,494,406,293
Annuity Reserve Account		
Normal	2,038,541,893	1,931,815,016
Accrued Liability	12,020,244,270	10,770,807,595
Total Prospective Contributions	16,587,652,296	15,197,028,904
Total Assets	\$ 29,456,135,852	\$ 28,401,139,718
 Liabilities		
Present Value Of Prospective Benefits Payable On Account Of:		
Current Retiree Members	\$ 16,091,625,502	\$ 15,430,612,942
Current Active Members	12,952,091,636	12,578,000,872
Deferred Vested & Reciprocal Members	412,418,714	392,525,904
Total Liabilities	\$ 29,456,135,852	\$ 28,401,139,718

SUMMARY OF UNFUNDED ACTUARIAL LIABILITIES/SALARY TEST
(Dollar Amounts in Millions)

	(1)	(2)	(3)			Portion of Actuarial Accrued Liabilities Covered By Assets		
Valuation Date	Active Member Contribution	Retirees Term. Vested Inactive	Active Members Employer Fin. Portion	Actuarial Valuation Assets		(1)	(2)	(3)
2005	\$ 2,003.7	\$ 12,337.3	\$ 4,358.8	\$ 12,082.7		100%	82%	0%
2006	\$ 1,912.0	\$ 13,430.0	\$ 4,048.8	\$ 13,088.4		100%	83%	0%
2007	\$ 1,984.1	\$ 14,397.9	\$ 4,390.3	\$ 14,812.7		100%	89%	0%
2008	\$ 2,100.9	\$ 15,378.1	\$ 4,611.5	\$ 15,507.8		100%	87%	0%
2009	\$ 2,227.5	\$ 15,823.1	\$ 4,788.8	\$ 13,500.8		100%	71%	0%
2010	\$ 2,340.7	\$ 16,504.0	\$ 4,830.1	\$ 12,868.5		100%	64%	0%

SUMMARY OF ACTUARIAL AND UNFUNDED ACTUARIAL LIABILITIES
(Dollar Amounts in Millions)

Valuation Date	Actuarial Accrued Liabilities	Actuarial Valuation Assets	Ratio of Assets To AAL	Unfunded AAL	Active Member Payroll	Unfunded AAL As A Percent of Active Payroll
2005	\$ 18,699.8	\$ 12,082.7	64.6%	\$ 6,617.1	\$ 3,132.2	211.3%
2006	\$ 19,390.8	\$ 13,088.4	67.5%	\$ 6,302.4	\$ 2,893.0	217.8%
2007	\$ 20,772.3	\$ 14,812.7	71.3%	\$ 5,959.6	\$ 3,224.6	184.8%
2008	\$ 22,090.5	\$ 15,507.8	70.2%	\$ 6,582.7	\$ 3,675.0	179.1%
2009	\$ 22,839.4	\$ 13,500.8	59.1%	\$ 9,338.6	\$ 3,912.3	238.7%
2010	\$ 23,674.8	\$ 12,868.5	54.4%	\$ 10,806.3	\$ 3,977.8	271.7%

RECONCILIATION OF UNFUNDED ACTUARIAL LIABILITIES
(Dollar Amounts in Thousands)

	Fiscal Year Ending			
	2010	2009	2008	2007
Unfunded Actuarial Liability at Beginning of Fiscal Year (7/1)	\$ 10,117,515	\$ 6,967,625	\$ 6,250,578	\$ 6,554,990
Interest on Unfunded Liability	834,695	574,829	515,672	540,786
Investment Experience (gains) decreases UAL	1,183,557	3,170,379	470,047	(1,076,635)
Plan Experience (gains) decreases UAL	(32,650)	(144,959)	326,425	292,738
Employer Amortization Payments (payments) decreases UAL	(644,194)	(360,294)	(303,273)	(322,685)
Employer Contribution Variance (excess contributions) decreases UAL	148,936	(90,065)	(103,413)	(37,534)
Experience Account Allocation (allocations) decreases UAL	-	(296,655)	-	298,918
Other - Miscellaneous gains and losses from transfers or Acts of the Legislature	(801,501)	296,655	(188,411)	-
Unfunded Actuarial Liability at End of Fiscal Year (6/30)	\$ 10,806,358	\$ 10,117,515	\$ 6,967,625	\$ 6,250,578

AMORTIZATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY
June 30, 2010

Date	Description	Amtz. Method	Amtz. Period	Initial Liability	Years Remain	Remaining Balance	Mid-Year Payment
2010	Original Amort. Base	Note 1	19	2,677,501,778	19	2,677,501,778	189,115,906
2010	Exper Acct Amort Base	Note 2	30	3,999,115,151	30	3,999,115,151	249,289,338
2009	Change in Liability	L	30	2,979,708,647	29	2,954,586,996	260,418,228
2010	Change in Liability	L	30	1,150,854,854	30	1,150,854,854	100,581,505
Total Outstanding Balance						\$ 10,782,058,779	\$ 799,404,977
Employers Credit Balance							
2006	Contribution Variance	L	5	(17,430,843)	1	(4,059,557)	(4,223,696)
2007	Contribution Variance	L	5	(37,534,025)	2	(16,816,769)	(9,094,931)
2008	Contribution Variance	L	5	(103,413,475)	3	(66,886,742)	(25,058,287)
2009	Contribution Variance	L	5	(44,404,927)	4	(36,873,455)	(10,759,830)
2010	Contribution Variance	L	5	148,936,071	5	148,936,071	36,088,942
Total Credit Balance						\$ 24,299,548	\$ (13,047,802)
Total Unfunded Actuarial Accrued Liability						\$ 10,806,358,327	\$ 786,357,175

¹ Act 497 of 2009 created the Original Amortization Base, effective July 1, 2010, which combines the following schedules shown in Exhibit A-1: 1993 (Initial Liability) 1993 (Change in Liability), 1994 - 1996, 1998-2000, 2005-2008. The new combined balance is reduced by applying funds from the IUAL Fund, excluding the subaccount of this fund. Payment will increase by 7.0% for 3 years, 6.5% for 4 years, and thereafter at 2% until paid off in 2029.

² Act 497 of 2009 created the Experience Account Amortization Base, which combines the following schedules shown in Exhibit A-1: 1997, 2001 – 2003, 2004 (the liability resulting from Act 588 of 2004 which zeroed out the Experience Account), and 2008. The new combined balance is reduced by applying funds from the subaccount of the IUAL Fund, which were transferred from the Experience Account on June 30, 2009. Payments will increase by 7.0% for 3 years, 6.5% for 4 years, and will be level thereafter until paid off in 2040.

MEMBERSHIP DATA

Data regarding the membership of the System for valuation were furnished by the System.

<u>Active Members</u>	<u>2010</u>		<u>2009</u>	
	<u>Census</u>	<u>Avg. Sal.</u>	<u>Census</u>	<u>Avg. Sal.</u>
Regular Teachers	77,173	\$ 43,353	76,566	\$ 43,128
University Members	6,527	59,765	6,750	59,527
School Lunch A	113	24,563	144	24,835
School Lunch B	1,234	18,895	1,259	19,273
Active After DROP	3,736	57,810	3,487	51,771
Total	88,783	\$ 44,804	88,206	\$ 44,354

Males (%)	17.4%	17.3%
Females (%)	82.6%	82.7%

Valuation Salaries	\$3,977,819,262	\$3,912,326,326
--------------------	-----------------	-----------------

<u>Inactive Members</u>	<u>2010</u>	<u>2009</u>
	<u>Census</u>	<u>Census</u>
Due Refunds	16,502	10,905
Vested & Reciprocals	5,745	5,872

<u>Annuitants and Survivors</u>	<u>2010</u>		<u>2009</u>	
	<u>Census</u>	<u>Avg. Ben.</u>	<u>Census</u>	<u>Avg. Ben.</u>
Retirees	54,381	\$ 23,447	53,009	\$ 23,086
Disabilities	3,943	11,034	3,959	10,977
Survivors	5,616	16,570	5,449	16,369
DROP	3,148	32,070	3,421	31,112
Total	67,088	\$ 22,546	65,838	\$ 22,219

HISTORICAL MEMBERSHIP DATA
(Dollar Amounts in Thousands)

HISTORY OF ACTIVE MEMBERSHIP DATA FOR LAST SIX YEARS

Year Ended 6/30	Number of Active Members	Percentage Change In Membership	Annual Active Member Payroll	Annual Active Member Average Payroll	Percentage Change In Payroll
2005	87,643	0.42%	\$ 3,132,169	\$ 35,738	3.81%
2006	81,347	-7.18%	\$ 2,892,959	\$ 35,563	-7.64%
2007	82,672	1.63%	\$ 3,224,563	\$ 39,004	11.46%
2008	85,979	4.00%	\$ 3,675,014	\$ 42,744	13.97%
2009	88,206	2.59%	\$ 3,912,326	\$ 44,354	6.46%
2010	88,783	0.65%	\$ 3,977,819	\$ 44,804	1.67%

HISTORY OF ANNUITANTS AND SURVIVOR ANNUITANT MEMBERSHIP FOR LAST 6 YEARS

Year Ending 6/30	Total Members		Members Added		Members Removed		Average Annuity	Percent Change in Annuity
	No.	Amount	No.	Amount	No.	Amount		
2005	54,525	\$ 1,031,786	3,208	\$ 73,649	1,583	\$ 24,606	\$ 18,923	5.1%
2006	57,512	\$ 1,119,651	4,148	\$ 101,347	1,161	\$ 13,482	\$ 19,468	8.5%
2007	59,530	\$ 1,218,176	3,069	\$ 72,780	1,161	\$ 9,737	\$ 20,463	8.8%
2008	61,070	\$ 1,305,367	2,704	\$ 66,525	1,164	\$ 17,354	\$ 21,375	7.2%
2009	62,417	\$ 1,356,439	2,556	\$ 65,723	1,209	\$ 15,560	\$ 21,732	3.9%
2010	63,940	\$ 1,411,613	2,733	\$ 72,079	1,210	\$ 16,905	\$ 22,077	4.1%

PRINCIPLE PROVISIONS OF THE PLAN

The Teachers' Retirement System of Louisiana (TRSL) was enacted by Act No. 83 in 1936. Initially, the plan covered classroom teachers (Regular Plan), but membership has expanded to participating agencies, and the merger of School Lunch Employees. Employees of school food services that have not terminated their agreement with the Department of Health, Education and Welfare participate in (Plan A). Food service programs of school without agreements enroll employees in (Plan B).

The purpose of the plan is to provide benefits to members and their dependents at retirement or in the event of death, disability or termination of employment. TRSL is a defined benefit plan and is funded on an actuarial reserve basis to fund benefits as prescribed by law.

ADMINISTRATION

The plan is governed by Title 11 Sections 700-999 of the Louisiana Revised Statutes. The Board of Trustees is composed of sixteen members; one elected member from each of seven membership districts, one elected member from colleges and universities, one elected member from parish and city superintendents of schools, one elected school food services member, two elected retired members, and four ex officio members. Elected members serve staggered four terms. The Treasurer, Chairman of the House Retirement Committee, Chairman of the Senate Retirement Committee and State Superintendent of Public Education serve as ex officio members.

The Board of Trustees appoints a Director who is responsible for the operation of the system. The Board also retains consultants as deemed necessary. Administrative expenses are paid entirely from investment earnings.

MEMBER CONTRIBUTIONS

Members contribute a percentage of their gross compensation, depending on plan participation:

<u>REGULAR PLAN</u>	<u>PLAN A</u>	<u>PLAN B</u>
8.0%	9.1%	5.0%

Member contributions have been tax-deferred for federal income tax purposes since January 1, 1990. Therefore, contributions after the effective date are not considered as income for federal income tax purposes until withdrawn through refund or through payment of benefits.

EMPLOYER CONTRIBUTIONS

All participating employers, regardless of plan participation, contribute a percentage of their total gross payroll to the system. The employer percentage is actuarially determined and is sufficient to pay annual accruals plus an amortization charge which liquidates the system's unfunded liability as required by law. The rate is subject to a statutory minimum of 15.5% per Act 588 of 2004. The rate is determined annually and recommended by the Public Retirement Systems' Actuarial Committee to the State Legislature.

TERMINATION

A member who terminates covered employment, regardless of plan membership, may request a refund of the member's contributions without interest. Upon re-employment, a member may reinstate the credit forfeited through termination of previous membership by repaying the refunded contributions plus interest. A member who terminates covered employment with 5 years of service may, in lieu of a refund of contributions, elect to receive a monthly annuity upon attainment of age 60.

RETIREMENT BENEFITS

Service retirement benefits are payable to members who have terminated covered employment and met both age and service eligibility requirements.

Normal Retirement 60 with 5 years of service or 30 years of service, regardless of age.

Regular Plan - A member may retire with a 2.5% annual accrual rate at age 55 with 25 years of service, age 65 with 20 years of service or at any age with 30 years of service. Members may retire with a 2.0% annual accrual rate at age 60 with 5 years of service or at any age with 20 years of service.

Note: Members hired after June 30, 1999 may retire with a 2.5% annual accrual rate at age 60 with 5 years of service or at any age with 20 years of service actuarially reduced.

Plan A - A member may retire with a 3.0% annual accrual rate at age 55 with 25 years of service, age

Plan B - A member may retire with a 2.0% annual accrual rate at age 55 with 30 years of service, or age 60 with 10 years of service. Benefits are reduced by 3% for each year under age 62 at retirement unless the member has 25 years of creditable service.

Benefit Formula

For all plans, retirement benefits are based on a formula which multiplies the final average compensation by the applicable accrual rate, and by the years of creditable service. Final average compensation is obtained by dividing total compensation for the highest successive thirty six month period.

Payment Options

A retiring member is entitled to receive the maximum benefit payable until the member's death. In lieu of the maximum benefit, the member may elect to receive a reduced benefit payable in the form of a Joint and Survivor Option, or a reduced benefit with a lump sum payment which cannot exceed 36 monthly benefit payments.

Effective July 1, 2009, members may make an irrevocable election at retirement to receive an actuarially reduced benefit which increases 2.5% annually. The increases begin on the first retirement anniversary date, but not before the retiree attains age 55 or would have attained age 55 in the case of a surviving spouse. This option can be chosen in combination with the above options.

DEFERRED RETIREMENT OPTION PROGRAM (DROP)

In lieu of terminating employment and accepting a service retirement, an eligible member may begin participation on the first retirement eligibility date for a period not to exceed the 3rd anniversary of retirement eligibility. Delayed participation reduces the three year participation period. During participation, benefits otherwise payable are fixed, and deposited in an individual DROP account.

Upon termination of DROP, the member may continue employment and earn additional accruals to be added to the fixed pre-DROP benefit.

Upon termination of employment, the member is entitled to the fixed benefit plus post-DROP accruals, plus the individual DROP account balance which can be paid in a lump sum, or an additional annuity based upon the account balance.

DISABILITY RETIREMENT BENEFITS

Active members with five or more years of service credit are eligible for disability retirement benefits if certified by the medical board to be disabled from performing their job.

Regular Plan - An eligible member shall be entitled to a pension equal to 2.5% of average compensation; however, in no event shall the disability benefit be less than the lesser of (a) 40% of the state minimum salary for a beginning teacher with a bachelor's degree, or (b) 75% of average compensation.

Plan A - An eligible member shall be entitled to a service retirement benefit, but not less than 60%, nor more than 100% of final average compensation.

Plan B - An eligible member shall be entitled to a service retirement benefit, but not less than 30%, nor more than 75% of final average compensation.

SURVIVOR BENEFITS

A surviving spouse with minor children of an active member with 5 years of creditable service (2 years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) 50% of the member's benefit calculated at the 2.5% accrual rate for all creditable service. When a minor child(ren) is no longer eligible to receive survivor benefits, the spouse's benefit reverts to a survivor benefit in accordance with the provisions for a surviving spouse with no minor child(ren). Benefits for the minor child(ren) cease when he/she is no longer eligible.

Each minor child (maximum of 2) shall receive an amount equal to the greater of (a) 50% of the spouses benefit, or (b) \$300 (up to 2 eligible children). Benefits to minors cease at attainment of age 18, marriage or age 23 if enrolled in an approved institution of higher education.

A surviving spouse without minor children of an active member with 10 years of creditable service (2 years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) the option 2 equivalent of the benefit calculated at the 2.5% accrual rate for all creditable service.

POST-RETIREMENT INCREASES

Post-retirement increases, previously referred to as cost of living adjustments, are permitted provided there are sufficient funds in the Employee Experience Account to fund the increase in the retiree reserves if approved by concurrent resolution of both houses as provided by law. Beginning July 1, 2009, the Employee Experience Account is credited with fifty percent of excess investment income above \$200,000,000. Excess investment income is investment income over the actuarial valuation rate of 8.25%. The Employee Experience Account balance is limited to the funds necessary to fund two such increases. The Experience Account is debited for the increase in actuarial accrued liability resulting from the increase. Balances in the Employee Experience Account accrue interest at the average actuarial yield for the System portfolio.

STATISTICAL SECTION

Introduction.....	103
10-Year Statements of Plan Net Assets	104
10-Year Statements of Changes in Plan Net Assets	106
Number of Active, Terminated Vested, and Nonvested Members.....	108
Number of Service Retirees, Disability Retirees, and Beneficiaries Receiving Benefits	108
Number of Benefit Recipients	109
Retired Members by Type of Benefit	110
Benefit Expenses	110
10-Year Average Benefit Payments.....	111
Number of Refunds of Contributions.....	114
Revenues by Source.....	114
Expenses by Type.....	114
Largest 25 Employers	115
Map – State of Louisiana (Total Active Members)	116
Map – Location of TRSL Retirees Worldwide	117

Introduction

The objective of the statistical section is to provide financial statement users with historical perspective, context, and detail to assist in using the information in the financial statements and the notes to the financial statements to better understand and assess TRSL's economic condition.

Contents

Pages

Financial Trends

104

These schedules show financial trend information that assists users in understanding and assessing how TRSL's financial position has changed over time. The financial trend schedules presented are:

- 10-Year Statements of Plan Net Assets
- 10-Year Statements of Changes in Plan Net Assets

Demographic Information

108

This information is intended to assist users in understanding the environment in which TRSL operates and to provide information that facilitates comparisons of financial statement information over time and among governments. The demographic information includes:

- Number of Active, Terminated Vested, and Nonvested Members
- Number of Service Retirees, Disability Retirees, and Beneficiaries Receiving Benefits
- Number of Benefit Recipients

Operating Information

110

These schedules are intended to provide contextual information about TRSL's operation to assist in using financial statement data. The operating information shown includes:

- Benefit Expenses
- 10-Year Average Benefit Payments
- Number of Refunds of Contributions
- Revenues by Source
- Expenses by Type
- Largest Employers
- Map – State of Louisiana (Total Active Members)
- Map – Location of TRSL Retirees Worldwide

10-Year Statements of Plan Net Assets – 2010-2001

	2010	2009	2008	2007	2006
Assets					
Cash and cash equivalents	\$ 150,796,599	\$ 131,091,325	\$ 36,087,141	\$ 15,294,772	\$ 59,572,968
Receivables					
Member contributions	59,257,475	61,727,888	57,451,866	57,266,938	48,790,153
Employer contributions	96,897,980	97,504,616	100,182,352	76,218,878	72,017,765
ORP contributions retained	4,279,761	3,867,065	4,230,253	3,641,433	3,498,870
Pending trades	36,016,308	119,795,990	257,071,878	170,641,032	281,323,928
Accrued interest and dividends	28,455,058	33,408,160	49,159,508	51,423,625	44,597,792
Other receivables	<u>7,135,659</u>	<u>5,139,276</u>	<u>7,551,200</u>	<u>4,579,755</u>	<u>29,173,670</u>
Total receivables	<u>232,042,241</u>	<u>321,442,995</u>	<u>475,647,057</u>	<u>363,771,661</u>	<u>479,402,178</u>
Investments, at fair value					
Domestic bonds	1,319,516,370	1,422,286,805	2,068,620,083	1,908,652,650	2,121,505,657
International bonds	569,848,847	626,067,234	791,074,725	772,811,203	449,917,634
Domestic common and preferred stocks	3,203,068,233	3,151,788,583	4,488,267,744	5,956,585,766	5,630,073,349
International common and preferred stocks	3,189,810,406	2,555,387,559	3,568,846,836	3,601,296,445	3,188,085,062
Domestic short-term investments	712,442,177	671,061,232	624,681,156	981,706,327	178,839,314
International short-term investments	0	0	0	0	24,802,808
Alternative investments	<u>2,746,289,789</u>	<u>2,552,104,029</u>	<u>3,223,390,354</u>	<u>2,824,436,837</u>	<u>2,162,400,411</u>
Total investments	<u>11,740,975,822</u>	<u>10,978,695,442</u>	<u>14,764,880,898</u>	<u>16,045,489,228</u>	<u>13,755,624,235</u>
Invested securities lending collateral					
Collateral held under domestic securities lending program	939,717,625	437,332,021	776,026,712	2,115,371,825	1,860,049,089
Collateral held under international securities lending program	<u>259,982,342</u>	<u>310,312,098</u>	<u>287,648,965</u>	<u>391,908,563</u>	<u>308,982,174</u>
Total securities lending collateral	<u>1,199,699,967</u>	<u>747,644,119</u>	<u>1,063,675,677</u>	<u>2,507,280,388</u>	<u>2,169,031,263</u>
Building at cost, net of accumulated depreciation	2,707,983	2,833,655	2,921,252	2,864,857	2,933,836
Equipment, furniture and fixtures, at cost, net of accumulated depreciation	683,008	743,709	863,850	600,753	723,281
Land	<u>858,390</u>	<u>858,390</u>	<u>858,390</u>	<u>858,390</u>	<u>858,390</u>
Total assets	<u>13,327,764,010</u>	<u>12,183,309,635</u>	<u>16,344,934,265</u>	<u>18,936,160,049</u>	<u>16,468,146,151</u>
Liabilities					
Accounts payable	8,167,523	7,296,980	11,370,139	13,006,673	10,936,762
Benefits payable	10,819,919	9,896,296	8,337,907	7,217,168	5,118,886
Refunds payable	6,356,179	6,705,543	6,615,715	5,858,882	5,369,804
Pending trades payable	72,754,781	150,091,261	255,395,415	252,855,646	269,051,248
Other liabilities	<u>8,534,257</u>	<u>11,394,139</u>	<u>3,289,693</u>	<u>1,211,075</u>	<u>1,025,440</u>
Total accounts payable and other liabilities	<u>106,632,659</u>	<u>185,384,219</u>	<u>285,008,869</u>	<u>280,149,444</u>	<u>291,502,140</u>
Securities lending collateral					
Obligations under domestic securities lending program	939,717,625	437,332,021	776,026,712	2,115,371,825	1,860,049,089
Obligations under international securities lending program	<u>259,982,342</u>	<u>310,312,098</u>	<u>287,648,965</u>	<u>391,908,563</u>	<u>308,982,174</u>
Total securities lending collateral	<u>1,199,699,967</u>	<u>747,644,119</u>	<u>1,063,675,677</u>	<u>2,507,280,388</u>	<u>2,169,031,263</u>
Total liabilities	<u>1,306,332,626</u>	<u>933,028,338</u>	<u>1,348,684,546</u>	<u>2,787,429,832</u>	<u>2,460,533,403</u>
Net assets held in trust for pension benefits	<u>\$12,021,431,384</u>	<u>\$11,250,281,297</u>	<u>\$14,996,249,719</u>	<u>\$16,148,730,217</u>	<u>\$14,007,612,748</u>

10-Year Statements of Plan Net Assets – 2010-2001

	2005	2004	2003	2002	2001
Assets					
Cash and cash equivalents	\$ 24,677,100	\$ 30,677,716	\$ 7,808,257	\$ 38,505,718	\$ 34,067,604
Receivables					
Member contributions	48,912,587	48,885,390	47,231,216	52,108,891	47,661,308
Employer contributions	72,934,679	64,691,821	57,746,203	54,589,415	51,136,424
ORP contributions retained	3,375,808	2,319,164	2,040,857	1,773,663	1,918,443
Pending trades	52,151,909	33,712,000	157,176,524	147,253,370	230,779,724
Accrued interest and dividends	42,821,985	40,170,526	41,423,260	47,177,102	49,568,799
Other receivables	2,473,479	1,518,187	1,444,449	1,168,914	1,513,198
Total receivables	222,670,447	191,297,088	307,062,509	304,071,355	382,577,896
Investments, at fair value					
Domestic bonds	1,913,039,451	1,659,559,992	1,704,534,901	1,902,126,260	1,675,616,284
International bonds	497,213,792	560,651,839	416,432,668	472,011,350	620,253,212
Domestic common and preferred stocks	5,796,790,444	4,926,745,546	4,468,939,880	4,586,782,472	5,304,131,380
International common and preferred stocks	1,969,333,621	1,454,136,303	1,033,655,198	1,075,238,305	1,349,446,396
Domestic short-term investments	256,739,631	910,719,505	434,080,034	470,234,146	470,686,508
International short-term investments	40,210,400	0	0	0	0
Alternative investments	2,017,705,199	2,263,185,124	2,318,479,242	2,003,507,564	2,286,753,704
Total investments	12,491,032,538	11,774,998,309	10,376,121,923	10,509,900,097	11,706,887,484
Invested securities lending collateral					
Collateral held under domestic securities lending program	1,508,767,585	1,593,822,121	3,064,894,429	2,938,825,140	2,819,398,141
Collateral held under international securities lending program	233,943,130	344,348,505	471,789,763	188,926,541	431,905,885
Total securities lending collateral	1,742,710,715	1,938,170,626	3,536,684,192	3,127,751,681	3,251,304,026
Building at cost, net of accumulated depreciation	2,995,632	3,127,099	3,240,290	3,291,565	3,255,087
Equipment, furniture and fixtures, at cost, net of accumulated depreciation	823,147	937,545	900,324	937,121	1,149,829
Land	858,390	858,390	858,390	889,816	889,816
Total assets	14,485,767,969	13,940,066,773	14,232,675,885	13,985,347,353	15,380,131,742
Liabilities					
Accounts payable	9,240,444	7,096,770	6,214,751	7,089,866	9,288,515
Benefits payable	2,077,116	2,616,254	3,067,010	2,067,335	2,040,453
Refunds payable	5,385,301	4,875,048	4,730,334	4,191,545	3,953,477
Pending trades payable	39,836,267	92,991,945	160,488,115	214,835,778	257,744,890
Other liabilities	605,537	919,238	813,873	917,097	829,785
Total accounts payable and other liabilities	57,144,665	108,499,255	175,314,083	229,101,621	273,857,120
Securities lending collateral					
Obligations under domestic securities lending program	1,508,767,585	1,593,822,121	3,064,894,429	2,938,825,140	2,819,398,141
Obligations under international securities lending program	233,943,130	344,348,505	471,789,763	188,926,541	431,905,885
Total securities lending collateral	1,742,710,715	1,938,170,626	3,536,684,192	3,127,751,681	3,251,304,026
Total liabilities	1,799,855,380	2,046,669,881	3,711,998,275	3,356,853,302	3,525,161,146
Net assets held in trust for pension benefits	\$12,685,912,589	\$11,893,396,892	\$10,520,677,610	\$10,628,494,051	\$11,854,970,596

10-Year Statements of Changes in Plan Net Assets – 2010-2001

	2010	2009	2008	2007	2006
Additions					
Contributions					
Member contributions	\$ 347,114,632	\$ 344,547,871	\$ 323,678,452	\$ 282,326,101	\$ 258,412,024
Employer contributions	665,219,676	660,244,436	656,091,577	544,401,879	529,983,453
Total contributions	1,012,334,308	1,004,792,307	979,770,029	826,727,980	788,395,477
ORP contributions retained	61,339,786	54,447,510	57,569,465	49,429,250	49,293,547
Net appreciation (depreciation) in fair value domestic investments	858,442,001	(2,349,746,089)	(733,440,605)	1,423,223,165	809,290,218
Net appreciation (depreciation) in fair value of international investments	189,051,016	(1,241,530,644)	(439,358,948)	824,462,472	584,857,302
Domestic interest	88,485,556	127,898,837	151,520,486	144,497,859	135,047,865
International interest	30,639,991	32,949,523	39,474,147	30,984,724	27,792,233
Domestic dividends	58,019,267	72,833,729	88,058,251	97,594,609	77,813,221
International dividends	77,539,701	78,873,116	108,299,133	94,658,995	68,564,525
Alternative investment income	41,032,314	39,105,891	40,521,294	58,246,838	97,733,026
Miscellaneous foreign income	88,306	7,772	104,281	0	0
Commission rebate income	6,118	482,025	617,547	566,068	675,608
Total investment income	1,343,304,270	(3,239,125,840)	(744,204,414)	2,674,234,730	1,801,773,998
Investment activity expenses:					
International investment expenses	(4,491,280)	(3,095,851)	(7,885,244)	(10,188,879)	(9,493,180)
Alternative investment expenses	(30,548,101)	(30,910,869)	(20,647,902)	(18,645,263)	(28,474,213)
Custodian fees	(468,022)	(446,588)	(744,317)	(763,878)	(761,689)
Performance consultant fees	(713,829)	(1,238,734)	(1,233,754)	(1,202,817)	(1,077,254)
Trade cost analysis fees	0	0	(40,000)	(40,000)	(40,000)
Advisor fees	(27,145,172)	(26,318,814)	(32,881,518)	(32,298,534)	(29,802,772)
Total investment expenses	(63,366,404)	(62,010,856)	(63,432,735)	(63,139,361)	(69,649,108)
Net income from investing activities	1,279,937,866	(3,301,136,696)	(807,637,149)	2,611,095,359	1,732,124,890
<i>From securities lending activities</i>					
Securities lending income	4,779,079	17,685,073	32,251,979	40,981,124	22,168,519
Securities lending expenses:					
Fixed	(1,206,030)	(3,031,970)	(13,202,812)	(24,866,799)	(11,354,478)
Equity	1,269,163	(2,565,874)	(2,018,542)	(249,396)	(249,909)
International	962,219	(3,199,017)	(9,313,289)	(9,993,981)	(5,024,341)
Total securities lending activities expenses	1,025,352	(8,796,861)	(24,534,643)	(35,110,176)	(16,628,728)
Net income from securities lending activities	5,804,431	8,888,212	7,717,336	5,870,948	5,539,791
Total net investment income (loss)	1,285,742,297	(3,292,248,484)	(799,919,813)	2,616,966,317	1,737,664,681
Other operating revenues	3,605,633	4,407,243	46,264,759	5,496,271	3,208,183
Total additions	2,363,022,024	(2,228,601,424)	283,684,440	3,498,619,818	2,578,561,888
Deductions					
Retirement benefits	1,532,526,141	1,464,106,312	1,383,381,577	1,295,552,338	1,204,472,977
Refunds of contributions	40,834,543	34,418,885	35,071,343	48,119,943	38,538,125
TRSL employee health & life expense	1,813,334	2,502,048	2,285,378		
Administrative expenses	16,154,823	15,799,028	14,880,903	13,323,547	13,362,286
Depreciation expense	543,096	540,725	545,737	506,521	488,341
Total deductions	1,591,871,937	1,517,366,998	1,436,164,938	1,357,502,349	1,256,861,729
Net increase (decrease)	771,150,087	(3,745,968,422)	(1,152,480,498)	2,141,117,469	1,321,700,159
Net assets held in trust for pension benefits					
Beginning of year	11,250,281,297	\$ 14,996,249,719	\$ 16,148,730,217	\$ 14,007,612,748	\$ 12,685,912,589
End of year	\$ 12,021,431,384	\$ 11,250,281,297	\$ 14,996,249,719	\$ 16,148,730,217	\$ 14,007,612,748

10-Year Statements of Changes in Plan Net Assets – 2010-2001

	2005	2004	2003	2002	2001
Additions					
Contributions					
Member contributions	\$270,619,181	\$ 264,999,131	\$ 251,297,401	\$ 246,119,537	\$ 226,754,298
Employer contributions	517,815,361	444,104,350	421,838,213	400,478,248	401,243,346
Total contributions	788,434,542	709,103,481	673,135,614	646,597,785	627,997,644
ORP contributions retained	48,754,970	35,244,313	29,499,096	27,196,232	27,869,220
Investment income:					
From investment activities					
Net appreciation (depreciation) in fair value of domestic investments	663,699,379	1,164,647,179	(9,358,002)	(1,141,008,157)	(284,368,048)
Net appreciation (depreciation) in fair value of international investments	197,833,593	323,405,540	(3,830,620)	(146,482,391)	(637,986,221)
Domestic interest	111,850,200	110,597,008	120,174,045	141,728,180	152,499,662
International interest	29,898,190	23,800,877	30,745,264	32,004,011	49,391,412
Domestic dividends	84,579,303	64,865,361	59,353,555	64,226,682	65,715,460
International dividends	31,583,991	41,800,161	28,041,533	23,023,499	28,808,467
Alternative investment income	108,622,676	81,696,047	44,050,485	137,200,613	73,591,989
Miscellaneous foreign income					109
Commission rebate income	571,219	1,078,487	1,026,354	1,649,282	1,954,976
Total investment income	1,228,638,551	1,811,890,660	270,202,614	(887,658,281)	(550,392,194)
Investment activity expenses:					
International investment expenses	(5,710,058)	(4,995,570)	(2,530,171)	(2,618,482)	(3,092,036)
Alternative investment expenses	(64,918,175)	(49,401,029)	(31,682,592)	(41,418,046)	(21,519,745)
Custodian fees	(760,908)	(786,062)	(800,000)	(800,000)	(800,000)
Performance consultant fees	(618,996)	(507,749)	(279,786)	(252,000)	(250,000)
Trade cost analysis fees	(10,000)	(40,000)	(40,000)	(40,000)	0
Advisor fees	(26,020,649)	(23,311,668)	(19,283,122)	(22,812,775)	(26,103,079)
Total investment expenses	(98,038,786)	(79,042,078)	(54,615,671)	(67,941,303)	(51,764,860)
Net income from investing activities	1,130,599,765	1,732,848,582	215,586,943	(955,599,584)	(602,157,054)
From securities lending activities					
Securities lending income	24,508,470	13,854,504	16,602,783	20,960,004	50,709,086
Securities lending expenses:					
Fixed	(12,174,022)	(6,053,776)	(9,749,608)	(11,104,163)	(15,769,655)
Equity	(249,934)	(249,934)	(249,933)	(249,706)	(249,246)
International	(7,860,336)	(1,847,440)	(824,609)	(2,677,010)	(27,847,838)
Total securities lending activities expenses	(20,284,312)	(8,151,150)	(10,824,150)	(14,030,879)	(43,866,739)
Net income from securities lending activities	4,224,158	5,703,354	(6,053,776)	(9,749,608)	(11,104,163)
Total net investment income (loss)	1,134,823,923	1,738,551,936	221,365,576	(948,670,459)	(595,314,707)
Other operating revenues	3,425,773	3,217,889	4,976,629	1,787,499	988,233
Total additions	1,975,439,208	2,486,117,619	928,976,915	(273,086,943)	61,540,390
Deductions					
Retirement benefits	1,139,814,334	1,075,298,667	1,003,327,453	920,593,341	858,979,906
Refunds of contributions	30,454,374	26,804,821	22,287,120	23,432,296	26,948,712
TRSL employee health & life expense					
Bad debts expense					
Administrative expenses	12,178,533	10,786,450	10,688,003	8,886,231	8,220,487
Depreciation expense	476,270	508,399	490,780	475,734	435,128
Total deductions	1,182,923,511	1,113,398,337	1,036,793,356	953,387,602	894,584,233
Net increase (decrease)	792,515,697	1,372,719,282	(107,816,441)	(1,226,476,545)	(833,043,843)
Net assets held in trust for pension benefits					
Beginning of year	\$ 11,893,396,892	\$ 10,520,677,610	\$ 10,628,494,051	\$ 11,854,970,596	\$ 12,688,014,439
End of year	\$ 12,685,912,589	\$ 11,893,396,892	\$ 10,520,677,610	\$ 10,628,494,051	\$ 11,854,970,596

Number of Active, Terminated Vested, and Nonvested Members		
Fiscal Year	Members	% Increase Each Year
2000-2001	97,293	
2001-2002	98,861	1.6%
2002-2003	101,218	2.4%
2003-2004	103,125	1.9%
2004-2005	102,896	-0.2%
2005-2006	101,135	-1.7%
2006-2007	101,262	0.1%
2007-2008	102,593	1.3%
2008-2009	104,983	2.3%
2009-2010	111,030	5.8%

Number of Service Retirees, Disability Retirees, and Beneficiaries Receiving Benefits		
Fiscal Year	Retirees	% Increase Each Year
2000-2001	47,404	
2001-2002	49,053	3.5%
2002-2003	50,903	3.8%
2003-2004	52,900	3.9%
2004-2005	54,525	3.1%
2005-2006	57,512	5.5%
2006-2007	59,530	3.5%
2007-2008	61,070	2.6%
2008-2009	62,417	2.2%
2009-2010	63,940	2.4%

Number of Benefit Recipients						
Fiscal Year	Service	Disability	Survivor	Deferred Retirement	Initial Lump Sum	Total
2000-2001	40,313	3,555	3,536	3,695	266	51,365
2001-2002	41,566	3,622	3,865	5,496	248	54,797
2002-2003	43,050	3,698	4,155	2,722	437	54,062
2003-2004	44,690	3,797	4,413	3,409	547	56,856
2004-2005	46,035	3,836	4,654	4,375	587	59,487
2005-2006	49,776	2,865	4,871	4,042	627	62,181
2006-2007	50,566	3,961	5,003	3,715	687	63,932
2007-2008	51,916	3,969	5,185	3,760	755	65,585
2008-2009	53,009	3,959	5,449	3,421	815	66,653
2009-2010	54,381	3,943	5,616	3,148	934	68,022

Schedule of Retired Members By Type of Benefit as of June 30, 2010 (Data include all plans)						
Amount of Monthly Benefit			Service Retirees	Disability Retirees	Beneficiaries/ Survivors	Total
\$0	-	299.99	1,577	157	457	2,191
300	-	599.99	4,757	766	809	6,332
600	-	899.99	5,291	1,356	943	7,590
900	-	1,199.99	6,084	748	806	7,638
1,200	-	1,499.99	5,011	444	601	6,056
1,500	-	1,799.99	3,924	245	452	4,621
1,800	-	2,099.99	3,956	119	351	4,426
2,100	-	2,399.99	5,006	45	311	5,362
2,400	-	2,699.99	5,278	34	278	5,590
2,700	-	2,999.99	4,414	14	176	4,604
3,000	-	3,299.99	3,003	14	139	3,156
3,300	-	3,599.99	1,867	0	89	1,956
3,600	-	3,899.99	1,293	1	69	1,363
3,900	-	4,199.99	876	0	46	922
4,200	-	4,499.99	627	0	33	660
4,500	-	and above	1,417	0	56	1,473
Total for all plans			54,381	3,943	5,616	63,940

Benefit Expenses						
Fiscal Year	Service	Disability	Survivor	Deferred Retirement	Initial Lump Sum	Total
2000-2001	717,799,621	39,010,849	23,406,509	69,087,607	9,675,320	858,979,906
2001-2002	773,311,519	42,027,800	25,216,680	69,718,252	10,319,090	920,593,341
2002-2003	826,661,700	44,927,266	26,956,360	96,539,409	8,242,718	1,003,327,453
2003-2004	870,865,365	47,329,639	28,397,784	122,905,311	5,800,568	1,075,298,667
2004-2005	921,584,123	50,086,094	30,051,656	131,811,600	6,280,861	1,139,814,334
2005-2006	991,166,824	53,867,762	32,320,657	121,703,237	5,414,497	1,204,472,977
2006-2007	1,068,519,663	58,071,721	34,843,032	128,592,267	5,525,655	1,295,552,338
2007-2008	1,151,588,099	62,462,104	37,477,263	127,670,669	6,468,820	1,385,666,955
2008-2009	1,228,740,816	66,790,595	40,074,356	125,779,104	5,223,489	1,466,608,360
2009-2010	1,276,045,314	69,350,288	41,610,173	141,897,005	5,879,700	1,534,782,480

10-Year Average Benefit Payments For Beneficiaries/Survivors											
Fiscal Year	Status Type	Years of Service Credit									All Members
		0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	
2001	AVERAGE BENEFIT	359	333	507	767	1,003	1,410	1,512	1,520	1,584	1,120
2001	AVERAGE COMP	1,201	855	634	895	943	1,507	1,060	522	216	1,019
2001	RETIREE COUNT	3	30	35	50	62	100	68	31	9	388
2002	AVERAGE BENEFIT	343	406	518	689	953	1,546	1,562	1,446	3,426	1,171
2002	AVERAGE COMP	0	919	844	511	1,173	1,342	844	549	4,302	1,020
2002	RETIREE COUNT	1	23	40	51	90	104	78	29	5	421
2003	AVERAGE BENEFIT	0	458	527	621	992	1,442	1,554	1,773	918	1,165
2003	AVERAGE COMP	0	942	1,458	825	1,045	1,301	1,266	1,328	1,640	1,196
2003	RETIREE COUNT	0	27	38	55	68	126	85	32	9	440
2004	AVERAGE BENEFIT	0	428	422	734	1,020	1,291	1,840	1,841	1,390	1,177
2004	AVERAGE COMP	0	1,153	1,532	1,667	1,577	1,816	1,241	1,082	984	1,483
2004	RETIREE COUNT	0	36	48	37	77	105	79	38	10	430
2005	AVERAGE BENEFIT	0	467	542	788	926	1,470	1,801	1,993	1,779	1,253
2005	AVERAGE COMP	0	1,670	1,581	1,823	1,372	2,015	1,807	1,890	2,736	1,781
2005	RETIREE COUNT	1	28	51	56	90	119	93	40	16	494
2006	AVERAGE BENEFIT	0	399	581	858	1,017	1,459	1,641	1,689	2,087	1,189
2006	AVERAGE COMP	0	1,556	1,343	1,742	1,489	1,787	1,636	1,486	1,785	1,620
2006	RETIREE COUNT	1	35	44	68	100	132	87	28	7	502
2007	AVERAGE BENEFIT	682	518	600	792	1,040	1,308	1,524	1,726	2,640	1,155
2007	AVERAGE COMP	0	1,755	1,593	1,457	1,760	2,144	1,340	942	2,153	1,674
2007	RETIREE COUNT	2	39	53	65	112	140	99	38	8	556
2008	AVERAGE BENEFIT	851	456	474	910	1,037	1,532	1,887	1,832	1,828	1,308
2008	AVERAGE COMP	2,133	2,337	1,912	1,235	1,719	2,268	2,026	1,584	1,083	1,927
2008	RETIREE COUNT	6	28	66	51	88	140	126	32	9	546
2009	AVERAGE BENEFIT	0	400	499	824	1,145	1,738	1,985	1,888	2,481	1,325
2009	AVERAGE COMP	0	1,723	1,811	2,024	1,921	2,344	1,843	1,793	1,526	1,971
2009	RETIREE COUNT	0	40	67	76	116	123	108	37	7	574
2010	AVERAGE BENEFIT	452	405	612	830	1,281	1,674	1,725	2,177	1,223	1,323
2010	AVERAGE COMP	0	2,269	1,908	1,832	2,227	1,898	1,450	1,969	0	1,866
2010	RETIREE COUNT	1	35	70	58	86	118	107	36	4	515

10-Year Average Benefit Payments For Disability Retirees											
Fiscal Year	Status Type	Years of Service Credit									All Members
		0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	
2001	AVERAGE BENEFIT	625	625	685	1,000	971	1,416	0	0	0	808
2001	AVERAGE COMP	1,647	1,686	1,795	2,223	2,009	2,650	0	0	0	1,923
2001	RETIREE COUNT	3	68	59	53	32	8	0	0	0	223
2002	AVERAGE BENEFIT	606	570	653	949	970	938	0	0	0	785
2002	AVERAGE COMP	1,121	1,454	1,618	2,065	1,763	1,721	0	0	0	1,755
2002	RETIREE COUNT	1	50	57	75	30	4	0	0	0	217
2003	AVERAGE BENEFIT	647	630	720	991	1,185	1,279	0	0	0	830
2003	AVERAGE COMP	2,041	1,642	1,907	2,135	2,450	2,182	0	0	0	1,951
2003	RETIREE COUNT	3	65	54	55	21	7	0	0	0	205
2004	AVERAGE BENEFIT	1,027	679	752	1,072	891	1,252	0	0	0	889
2004	AVERAGE COMP	1,274	1,933	2,053	2,404	1,719	2,504	0	0	0	2,125
2004	RETIREE COUNT	2	49	43	65	20	11	0	0	0	190
2005	AVERAGE BENEFIT	652	650	784	988	1,006	1,648	0	0	0	867
2005	AVERAGE COMP	905	1,865	2,198	2,336	2,029	3,156	0	0	0	2,156
2005	RETIREE COUNT	2	52	55	57	23	8	0	0	0	197
2006	AVERAGE BENEFIT	749	692	830	1,077	1,345	1,709	0	0	0	931
2006	AVERAGE COMP	2,099	1,966	2,154	2,415	2,733	3,130	0	0	0	2,255
2006	RETIREE COUNT	5	63	66	62	29	2	0	0	0	227
2007	AVERAGE BENEFIT	592	685	835	1,035	1,373	1,805	0	0	0	925
2007	AVERAGE COMP	1,613	2,072	2,084	2,243	2,739	4,616	0	0	0	2,244
2007	RETIREE COUNT	7	50	64	37	28	4	0	0	0	190
2008	AVERAGE BENEFIT	808	791	906	1,170	1,430	978	0	0	0	982
2008	AVERAGE COMP	2,407	2,237	2,242	2,688	2,880	1,730	0	0	0	2,394
2008	RETIREE COUNT	4	65	51	38	22	6	0	0	0	186
2009	AVERAGE BENEFIT	869	803	950	1,316	1,201	1,266	0	0	0	1,035
2009	AVERAGE COMP	2,068	2,207	2,691	2,922	2,488	2,543	0	0	0	2,532
2009	RETIREE COUNT	3	51	27	37	18	5	0	0	0	141
2010	AVERAGE BENEFIT	903	824	1,079	1,430	1,613	1,289	0	0	0	1,207
2010	AVERAGE COMP	2,838	1,906	2,791	3,198	3,481	2,536	0	0	0	2,806
2010	RETIREE COUNT	2	25	30	38	13	3	0	0	0	111

10-Year Average Benefit Payments For Service Retirees											
Fiscal Year	Status Type	Years of Service Credit									All Members
		0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	
2001	AVERAGE BENEFIT	12	459	519	927	1,379	2,139	2,617	3,514	3,214	1,826
2001	AVERAGE COMP	183	2,098	2,146	2,466	2,836	3,211	3,597	4,465	3,777	3,062
2001	RETIREE COUNT	1	44	178	282	598	861	502	73	18	2,557
2002	AVERAGE BENEFIT	482	309	545	973	1,417	2,203	2,674	3,086	3,528	1,853
2002	AVERAGE COMP	2,360	2,111	2,269	2,606	2,852	3,291	3,684	4,026	4,112	3,118
2002	RETIREE COUNT	10	92	170	245	566	882	499	74	18	2,556
2003	AVERAGE BENEFIT	514	366	578	902	1,451	2,335	2,796	3,362	3,559	1,961
2003	AVERAGE COMP	2,212	2,256	2,403	2,497	2,910	3,488	3,883	4,310	4,395	3,267
2003	RETIREE COUNT	6	86	158	231	579	939	510	68	20	2,597
2004	AVERAGE BENEFIT	191	417	557	960	1,538	2,316	2,821	3,736	4,268	2,019
2004	AVERAGE COMP	1,747	2,484	2,349	2,656	3,089	3,419	3,924	4,999	5,382	3,351
2004	RETIREE COUNT	9	96	188	243	557	1,015	539	93	34	2,774
2005	AVERAGE BENEFIT	316	377	616	1,034	1,580	2,399	2,916	3,657	3,758	2,116
2005	AVERAGE COMP	3,426	2,341	2,560	2,807	3,092	3,556	4,021	4,938	4,926	3,464
2005	RETIREE COUNT	7	85	190	274	607	1,160	660	110	26	3,119
2006	AVERAGE BENEFIT	447	457	617	1,043	1,624	2,486	2,965	3,603	3,812	2,170
2006	AVERAGE COMP	2,517	2,829	2,640	2,938	3,288	3,715	4,132	4,932	4,954	3,615
2006	RETIREE COUNT	11	122	227	352	867	1,571	825	161	42	4,178
2007	AVERAGE BENEFIT	419	426	616	1,101	1,704	2,576	3,082	4,020	4,767	2,158
2007	AVERAGE COMP	2,115	2,727	2,667	3,139	3,391	3,853	4,280	5,562	5,794	3,686
2007	RETIREE COUNT	19	118	254	313	599	1,065	622	87	19	3,096
2008	AVERAGE BENEFIT	413	492	648	1,119	1,797	2,613	3,120	4,146	4,981	2,220
2008	AVERAGE COMP	3,736	2,899	2,701	3,143	3,465	3,883	4,432	5,793	6,395	3,781
2008	RETIREE COUNT	12	125	202	252	467	944	496	81	21	2,600
2009	AVERAGE BENEFIT	323	533	657	1,182	1,884	2,746	3,273	4,046	5,270	2,378
2009	AVERAGE COMP	2,865	3,171	2,796	3,316	3,725	4,135	4,633	5,879	7,695	4,059
2009	RETIREE COUNT	12	95	177	228	487	809	518	104	29	2,459
2010	AVERAGE BENEFIT	411	595	704	1,161	2,046	2,825	3,262	3,909	4,199	2,379
2010	AVERAGE COMP	2,124	3,439	2,946	3,277	3,917	4,244	4,737	6,140	6,453	4,129
2010	RETIREE COUNT	12	110	167	280	465	855	487	101	16	2,493

Number of Refunds of Contributions		
Fiscal Year	Number of Refunds	% Increase Each Year
2000-2001	3,848	
2001-2002	5,191*	34.9%
2002-2003	5,422*	4.5%
2003-2004	5,657*	4.3%
2004-2005	6,572*	16.2%
2005-2006	8,718*	32.7%
2006-2007	7,907*	-9.3%
2007-2008	5,762*	-27.1%
2008-2009	5,421*	-5.9%
2009-2010	5,025*	-7.3%

*Includes refunds of retirees who returned to work.

Revenues by Source							
Fiscal Year	Member	Employer	Retained	ACTS 642 & 7	Net Investment Income	Other Operating Revenues	Total
2000-2001	226,754,298	401,243,346	27,869,220		(595,314,707)	988,233	61,540,390
2001-2002	246,119,537	400,478,248	27,196,232		(948,670,459)	1,787,499	(273,088,943)
2002-2003	251,297,401	421,838,213	29,499,096		221,365,576	4,976,629	928,976,915
2003-2004	264,999,131	444,104,350	35,244,313		1,738,551,936	3,217,889	2,486,117,619
2004-2005	270,619,181	517,815,361	48,754,970		1,134,823,923	3,425,773	1,975,439,208
2005-2006	258,412,024	503,583,453	49,293,547	\$ 26,400,000*	1,737,664,681	3,208,183	2,578,561,888
2006-2007	282,326,101	544,401,879	49,429,250		2,616,966,317	5,496,271	3,498,619,818
2007-2008	323,678,452	656,091,577	57,569,465	40,000,000**	(799,919,813)	6,264,759	283,684,440
2008-2009	344,547,871	660,244,436	54,447,510		(3,292,248,484)	4,407,243	(2,228,601,424)
2009-2010	347,114,632	665,219,676	61,339,786		1,285,742,297	3,605,633	2,363,022,024

* Act 642 of 2006

**Act 7 of 2008

Expenses by Type					
Fiscal Year	Benefits	Refunds/Other	Administrative Expenses	Depreciation Expense	Total
2000-2001	858,979,906	26,948,712	8,220,487	435,128	894,584,233
2001-2002	920,593,341	23,432,296	8,886,231	475,734	953,387,602
2002-2003	1,003,327,453	22,287,120	10,688,003	490,780	1,036,793,356
2003-2004	1,075,298,667	26,804,821	10,786,450	508,399	1,113,398,337
2004-2005	1,139,814,334	30,454,374	12,178,533	476,270	1,182,923,511
2005-2006	1,204,472,977	38,538,125	13,362,286	488,341	1,256,861,729
2006-2007	1,295,552,338	48,119,943	13,323,547	506,521	1,357,502,349
2007-2008	1,385,666,955*	35,071,343	14,880,903	545,737	1,436,164,938
2008-2009	1,466,608,360*	34,418,885	15,799,028	540,725	1,517,366,998
2009-2010	1,534,339,475*	40,834,543	16,154,823	543,096	1,591,871,937

*Includes Other Post- Employment Benefits (OPEB) expense.

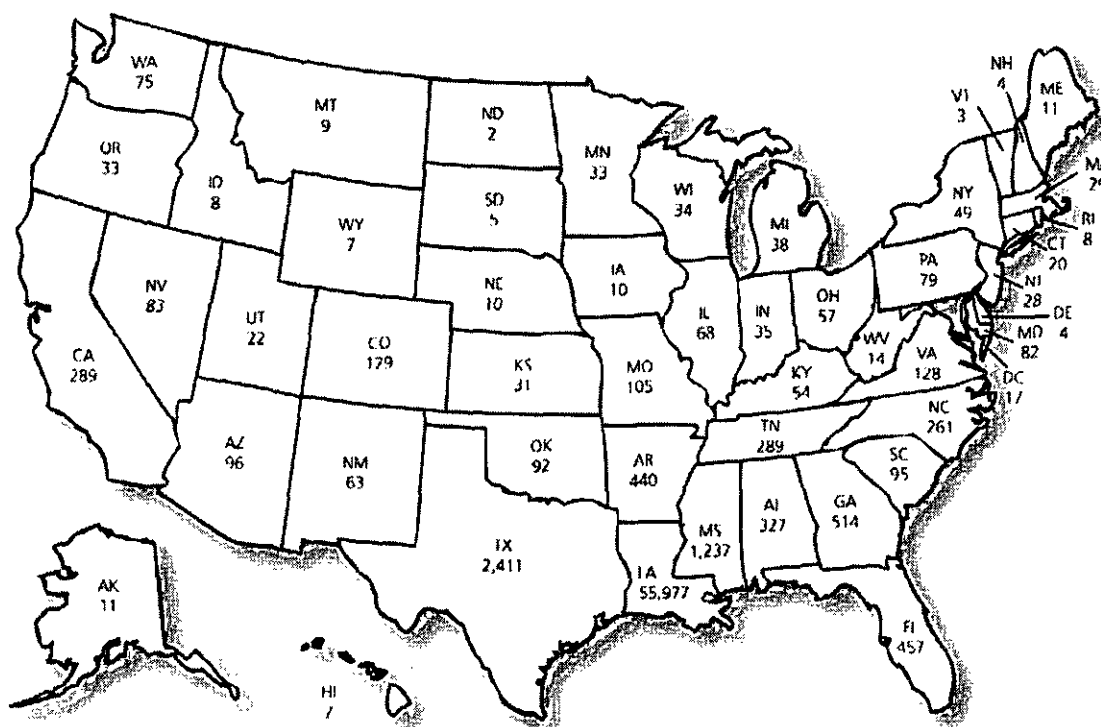
Largest 25 Employers

EMPLOYER NAME	# of EMPLOYEES
CADDO PARISH SCHOOL BOARD	5,201
EBR PARISH SCHOOL BOARD	5,160
JEFFERSON PARISH SCHOOL BOARD	5,145
ST TAMMANY PARISH SCHOOL BOARD	4,237
CALCASIEU PARISH SCHOOL BOARD	4,066
LAFAYETTE PARISH SCHOOL BOARD	3,408
RAPIDES PARISH SCHOOL BOARD	2,694
LIVINGSTON PARISH SCHOOL BOARD	2,599
ASCENSION PARISH SCHOOL BOARD	2,212
OUACHITA PARISH SCHOOL BOARD	2,210
BOSSIER PARISH SCHOOL BOARD	2,131
TERREBONNE PARISH SCHOOL BOARD	2,124
TANGIPAHOA PARISH SCHOOL BOARD	2,051
LAFOURCHE PARISH SCHOOL BOARD	1,907
LOUISIANA STATE UNIVERSITY	1,828
ST LANDRY PARISH SCHOOL BOARD	1,787
IBERIA PARISH SCHOOL BOARD	1,536
ST CHARLES PARISH SCHOOL BOARD	1,330
ST MARY PARISH SCHOOL BOARD	1,197
MONROE CITY SCHOOL BOARD	1,175
DOE-RECOVERY SCHOOL DISTRICT	1,154
ACADIA PARISH SCHOOL BOARD	1,093
VERNON PARISH SCHOOL BOARD	1,031
VERMILION PARISH SCHOOL BOARD	974
ST MARTIN PARISH SCHOOL BOARD	830

Total Active Members – 88,783



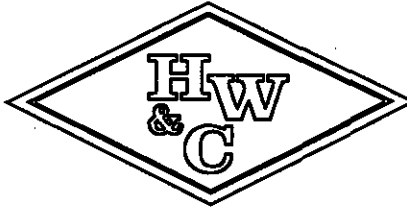
TRSL Retirees Worldwide – 63,940



United States and District of Columbia (DC)	63,890
U.S. Overseas Military Bases	7
U.S. Territories	2
Guam	1
Virgin Islands	1
Foreign Countries	41
Argentina	1
Australia	2
Belgium	1
Canada	6
China	1
Costa Rica	2
Czech Republic	2
Finland	1
Germany	9
Greece	1
Hungary	1
India	1
Mexico	2
New Zealand	1
Pakistan	2
Philippines	1
Portugal	1
Singapore	1
Switzerland	2
Thailand	1
United Kingdom	2
TOTAL	63,940

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

J. CHARLES PARKER, C.P.A.
LOUIS C. McKNIGHT, III, C.P.A.
CHARLES R. PEVEY, JR., C.P.A.
DAVID J. BROUSSARD, C.P.A.



CERTIFIED PUBLIC ACCOUNTANTS

8555 UNITED PLAZA BLVD., SUITE 200
BATON ROUGE, LOUISIANA 70809
(225) 923-3000 • FAX (225) 923-3008

October 11, 2010

**Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Members of the Board of Trustees
Teachers' Retirement System of Louisiana
Baton Rouge, Louisiana

Members of the Board:

We have audited the financial statements of the Teachers' Retirement System of Louisiana, as of and for the year ended June 30, 2010, and have issued our report thereon dated October 11, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Teachers' Retirement System of Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Teachers' Retirement System of Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Teachers' Retirement System of Louisiana's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Teachers' Retirement System of Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Trustees, the State of Louisiana Division of Administration, the Office of the Legislative Auditor of the State of Louisiana, and management and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Yours truly,

Hawthorne, Weymouth & Carroll, L.L.P.

**Teachers' Retirement System of Louisiana
Summary Schedule Current Year Findings
Year Ended June 30, 2010**

None.

Teachers' Retirement System of Louisiana
Summary Schedule of Prior Year Findings
Year Ended June 30, 2009

None.